MESSAGES OF THE PRESIDENT

CORAZON C. AQUINO

1986-1992

BOOK 11 | **VOLUME 4**

Executive Orders Part 1

President Corazon C. Aquino, Eleventh President of the Philippines, Second and Last President of the Fourth Republic and First President of the Fifth Republic.

MESSAGES OF THE PRESIDENT

CORAZON C. AQUINO

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BOOK 11 | VOLUME 4
Executive Orders Part 1

Messages of the President Book 11: Corazon C. Aquino
Volume 4 Part 1
Presidential Communications Development and Strategic Planning Office

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Volume 4 Part 1

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INTRODUCTION

As the President's chief message-crafting body, the Presidential Communications Development and Strategic Planning Office (PCDSPO), is mandated to provide strategic communication leadership and support to the Executive Branch, its composite agencies, and instrumentalities of government.

The PCDSPO is also mandated to act as custodian of the institutional memory of the Office of the President. One of our projects is the continuation of the series of books called the Messages of the President, started in 1936 by Jorge B. Vargas, Executive Secretary to President Manuel L. Quezon. The series was a wide collection of executive issuances, speeches, messages, and other official papers of the President. The volumes were intended to serve as the definitive compilation of presidential documents. The series was continued until the Quirino administration, although the series for the Presidential administrations of Presidents Quezon, Roxas, and Quirino were never completed.

In 2010, President Benigno S. Aquino III ordered the revival of the series and the constitution of a complete set, covering all 15 presidential administrations. With pride, we continue what Vargas began.

We would like to extend our gratitude to our partners for without whose gracious cooperation, this project would have not been possible.

A note on organization: Each presidential administration's messages are in book form, compiled and subdivided into volumes. The books are as follows:

Book 1: Emilio Aguinaldo
Book 2: Jose P. Laurel
Book 3: Manuel L. Quezon
Book 4: Sergio Osmeña
Book 5: Manuel Roxas
Book 6: Elpidio Quirino
Book 7: Ramon Magsaysay
Book 8: Carlos P. Garcia
Book 9: Diosdado Macapagal
Book 10: Ferdinand E. Marcos
Book 11: Corazon C. Aquino
Book 12: Fidel V. Ramos
Book 13: Joseph Ejercito Estrada
Book 14: Gloria Macapagal-Arroyo
Book 15: Benigno S. Aquino III

Each book is subdivided into the following volumes:

Volume 1: Official Weeks/Months in Review
Volume 2: Appointments and Designations
Volume 3: Historical Papers and Documents
Volume 4: Executive Orders
Volume 5: Administrative Orders
Volume 6: Proclamations

Volume 7: Other issuances
Volume 8: Cabinet minutes

We hope that this collection will be a useful and vital reference for generations to come.

PREFACE

On July 30, 2010, President Benigno S. Aquino III issued Executive Order No. 4, which effectively renamed what was previously called the Malacañang Museum into the Presidential Museum and Library (PML) and placed it under the supervision and control of the Presidential Communications Development and Strategic Planning Office (PCDSPO). The PML is responsible for preserving, managing, and promoting the history and heritage of the Philippine presidency. It is the principal historical and artistic repository in support of the institution of the presidency, for the benefit of the Republic and the Filipino people. In partnership with the PCDSPO, which has pioneered the publication of the Official Gazette of the Republic of the Philippines as a web archive and information website, the PML has taken this mandate and placed it on the cutting edge of the information age.

Much has been done over the past years, under the administration of President Aquino III, to digitize executive issuances, speeches, letters, and other presidential papers; and publish them online. The project is not limited to a single administration, nor does it discriminate. This collection, published as databases, as well as print and e-publications, includes documents from the presidency of Emilio Aguinaldo to the current Aquino administration. This represents the government's allegiance to transparency, continuity, and the fostering of an informed citizenry, as well as an effort, in earnest, to preserve the institutional memory of the Presidency. All this was done not just for the posterity, but for the current generation and the ongoing task of nation building.

The PML are proud partners of the Official Gazette and PCDSPO team, to whom we made the collections available. We sincerely hope that this series will serve as a vital reference to educators, students, journalists, lawyers, historians, and the public at large.

FOREWORD

This is the fourth volume of President Corazon C. Aquino's official papers, which constitutes the 11th book of the Messages of the President series. The series was started in 1936 by Executive Secretary Jorge B. Vargas, during the first year in office of Manuel L. Quezon, the first President of the Commonwealth of the Philippines. This volume collects President Aquino's Executive Orders, which provide for rules of a general or permanent character in implementation or execution of constitutional or statutory powers.

BOOK 11
PRESIDENT CORAZON C. AQUINO

President Corazon C. Aquino was the eleventh President of the Philippines and was the second and last President of the Fourth Republic. She was the first female President of the Philippines succeeding the presidency of Ferdinand E. Marcos. Known for leading the People Power Revolution in 1986, which restored democracy in the country, President Corazon C. Aquino assumed office on February 25, 1986, and was President until June 30, 1992.

The Executive Issuances of President Corazon C. Aquino began with Proclamation No. 1, signed on February 25, 1986 and ended with Proclamation No. 932 that was signed on June 29, 1992.

President Corazon C. Aquino's documents were gathered from its official sources such as the Official Gazette of the Philippines; Malacañang Records Office's Book of Executive Issuances; SONA Technical Report; Malacañang Journal; and the Dictatorship and Revolution: Roots of People's Power.

The American Psychological Association (APA) style was used for the citation. The titles that have been provided by the researchers are enclosed in square brackets, considering that the exact wordings and its order were not verbatim from the document being described. Book titles are italicized while the speech titles are not. If in any case that the book title is the same as the title of the speech, it is transcribed in italics because it is the book title.

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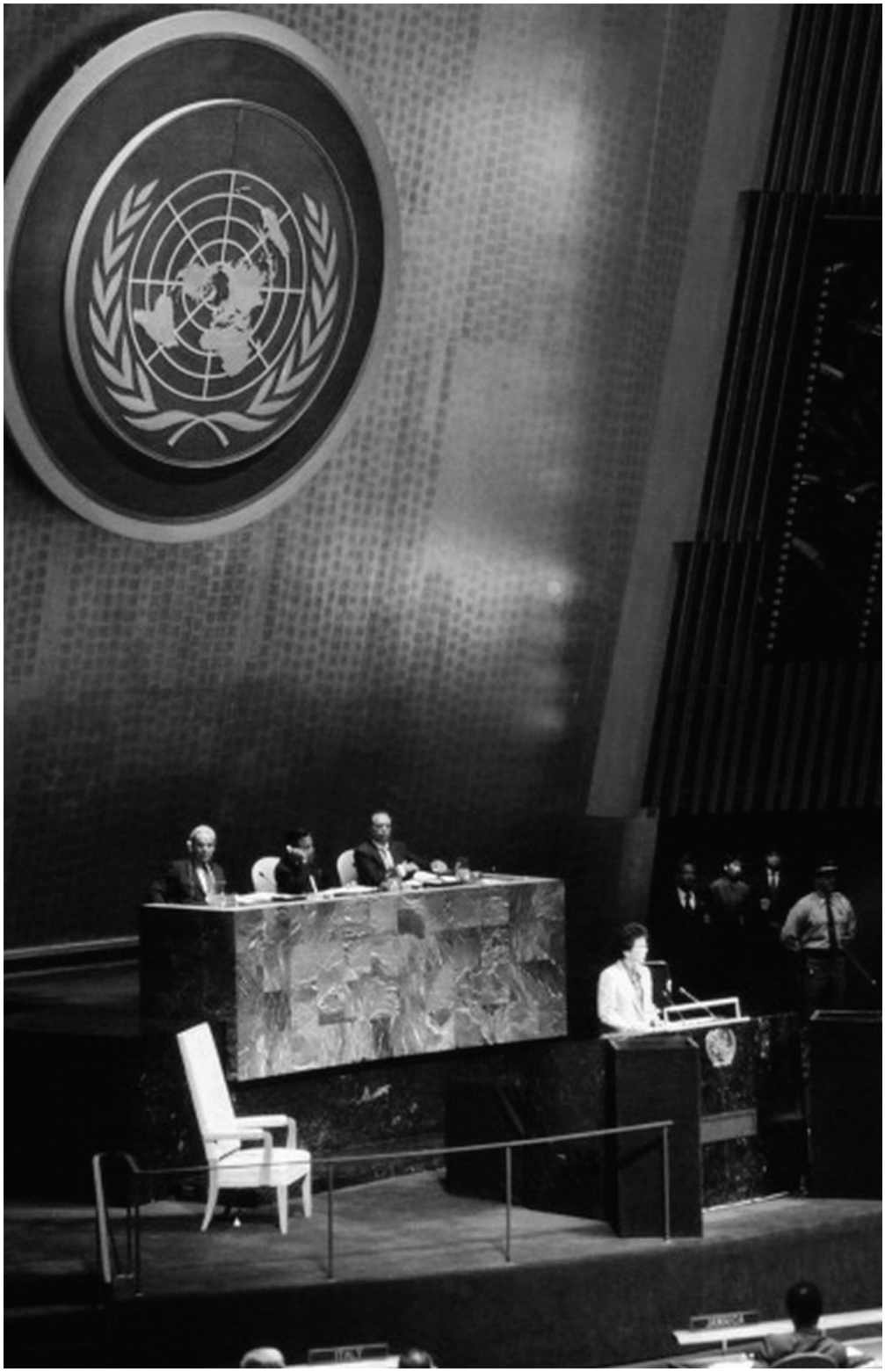

President Corazon C. Aquino delivers a speech at the 41st Session
of the United Nations General Assembly, on September 22, 1986.

MESSAGES OF THE PRESIDENT

CORAZON C. AQUINO

1986-1992

BOOK 11 | VOLUME 4
Executive Orders Part 1

President Corazon C. Aquino during the Philippine Constabulary - Integrated National Police (PC-INP) Anniversary Celebration, August 8, 1986.

EXECUTIVE ORDERS

An Executive Order provides for rules of a general or permanent character in implementation or execution of constitutional or statutory powers. The Executive Orders of President Corazon C. Aquino began on February 28, 1986 with Executive Order No. 1 and ended on June 26, 1992 with Executive Order No. 522.

MALACAÑAN PALACE
MANILA

EXECUTIVE ORDER NO. 1
CREATING THE PRESIDENTIAL COMMISSION ON GOOD GOVERNMENT

WHEREAS, vast resources of the government have been amassed by former President Ferdinand E. Marcos, his immediate family, relatives, and close associates both here and abroad;

WHEREAS, there is an urgent need to recover all ill-gotten wealth;

NOW THEREFORE, I CORAZON C. AQUINO, President of the Philippines, do hereby order:

Section. 1. There is hereby created a Commission; to be known as the Presidential Commission on Good Government, composed of Minister Jovito R. Salonga, as Chairman, Mr. Ramon Diaz, Mr. Pedro L. Yap, Mr. Raul Daza and Ms. Mary Concepcion Bautista as Commissioners.

Section. 2. The Commission shall be charged with the task of assisting the President in regard to the following matters:

(a) The recovery of all ill-gotten wealth accumulated by former President Ferdinand E. Marcos, his immediate family, relatives, subordinates and close associates, whether located in the Philippines or abroad, including the takeover or sequestration of all business enterprises and entities owned or controlled by them, during his administration, directly or through nominees, by taking undue advantage of their public office and/or using their powers, authority, influence, connections or relationship

The investigation of such cases of graft and corruption as the President may assign to the Commission from time to time

The adoption of safeguards to ensure that the above practices shall not be repeated in any manner under the new government, and the institution of adequate measures to prevent the occurrence of corruption.

Section. 3. The Commission shall have the power and authority:

(a) To conduct investigations as may be necessary in order to accomplish and carry out the purposes of this order.

To sequester or place or cause to be placed under its control or possession any building or office wherein any ill-gotten wealth or properties may be found, and any records pertaining thereto, in order to prevent their destruction, concealment or disappearance which would frustrate or hamper the investigation or otherwise prevent the Commission from accomplishing its task.

(c) To provisionally take over in the public interest or to prevent its disposal or dissipation, business enterprises and properties taken over by the government of the Marcos Administration or by entities or persons close to former President Marcos, until the transactions leading to such acquisition by the latter can be disposed of by the appropriate authorities

(d) To enjoin or restrain any actual or threatened commission of acts by any person or entity that may render moot and academic, or frustrate, or otherwise make ineffectual the efforts of the Commission to carry out its tasks under this order.
(e) To administer oaths, and issue subpoenas requiring the attendance and testimony of witnesses and/or the production of such books, papers, contracts, records, statement of accounts and other documents as may be material to the investigation conducted by the Commission.
(f) To hold any person in direct or indirect contempt and impose the appropriate penalties, following the same procedures and penalties provided in the Rules of Court.
(g) To seek and secure the assistance of any office, agency or instrumentality of the government.
(h) To promulgate such rules and regulations as may be necessary to carry out the purposes of this order.

Section. 4. (a) No civil action shall lie against the commission or any member thereof for anything done or omitted in the discharge of the task contemplated by this order

(b) No member or staff of the commission shall be required to testify or produce evidence in any judicial, legislative or administrative proceeding concerning matters within its official cognizance

Section 5. It is hereby directed that, subject to the availability of funds, the amount of Fifty Million Pesos, or so much thereof as may be needed to carry out the purposes of this order, be set aside out of the funds of the National Treasury and made available for expenditure by the Commission.

Section 6. This Executive Order shall take effect immediately.

Done in the City of Manila, this twenty-eight day of February, in the year of our Lord, nineteen hundred and eighty-six

(Sgd.) **CORAZON C. AQUINO**
President

Authority of the President:
(Sgd.) **JOKER P. ARROYO**
Executive Secretary

Source: **Presidential Management Staff**

Office of the President of the Philippines. (1986). *[Executive Order Nos.: 1 - 170]*. Manila: Presidential Management Staff.

MALACAÑAN PALACE
MANILA

EXECUTIVE ORDER NO. 2
REGARDING THE FUNDS, MONEYS, ASSETS, AND PROPERTIES ILLEGALLY ACQUIRED OR MISAPPROPRIATED BY FORMER PRESIDENT FERDINAND MARCOS, MRS. IMELDA ROMUALDEZ MARCOS, THEIR CLOSE RELATIVES, SUBORDINATES BUSINESS ASSOCIATES, DUMMIES, AGENTS, OR NOMINEES.

WHEREAS, the Government of the Philippines is in possession of evidence showing that there are assets and properties pertaining to former President Ferdinand E. Marcos, and/or Imelda Romualdez Marcos, their close relatives, subordinate business associates, dummies, agents or nominees which had been or were acquired by them directly or indirectly, through or as result of the improper or illegal use of funds or properties by the Government of the Philippines or any of its branches, instrumentalities, enterprises, banks or financial institutions, by taking undue advantage of their office, authority, connections or relationship, resulting in their unjust causing grave damage and prejudice to the Filipino people and the Republic of the Philippines

WHEREAS, said assets and properties are in the form of accounts, deposits, trust accounts, shares of stocks, buildings, shopping centers, condominium, mansions, residences, estates and other kinds of real and personal properties in the Philippines and in various countries of the world;

WHEREAS, a Presidential Commission on Good Government has been established primarily charged with the responsibility of recovering the aforesaid assets and properties for the Philippine Government;

WHEREAS, any transfer disposition, concealment or dissipation of said assets and properties would frustrate, obstruct, or hamper the efforts of the Government of the Philippines to such assets and

WHEREAS, the Presidential Commission on Good Government is further charged with the duty of investigating claims with respect to these assets and properties;

WHEREAS, in accordance with the requirements of justice and due process, it is the position of the new democratic government that former President Marcos and his wife, Imelda Romualdez Marcos, their close relatives, subordinates business associates, dummies, agents or nominees be afforded fair opportunity to contest these claims before appropriate Philippine authorities;

NOW, THEREFORE, I, Corazon C. Aquino, President of Philippines, hereby;

(1) Freeze all assets and properties in the Philippines in which former President Marcos and/or his wife, Mrs. Imelda Romualdez Marcos, their close relatives, subordinates, business associates, dummies, agents, or nominees have any interest or participation;

(2) Prohibit any person from transferring, conveying encumbering or otherwise depleting or concealing such assets and properties or from assisting or taking part in their transfer, encumbrance, concealment, or dissipation under pain of such penalties as are prescribed by law.

(3) Require all persons in the Philippines holding assets or properties, whether located in the Philippines or abroad, in their names as nominees, agents or trustees, to make full disclosure of the same to the Commission on Good Government within (30) days from publication of this Executive Order, substance thereof, in at least two (2) newspapers of general circulation in the Philippines

(4) Prohibit former President Ferdinand Marcos and/or his wife, Imelda Romualdez Marcos, their close relatives, subordinates, business associates, dummies, agents, or nominees from transferring, conveying, encumbering, concealing or dissipating said assets or properties in the Philippines and abroad, pending the outcome of appropriate proceedings in the Philippines to determine whether any such assets or properties were acquired by them through or as a result of improper or illegal use of or conversion of funds belonging to the Government of the Philippines or any of its branches, instrumentalities, enterprises, banks or financial institutions, or by taking undue advantage of their official position, authority, relationship, connection or influence to unjustly enrich themselves at the expense and to the grave and prejudice of the Filipino people and the Republic of the Philippines

The Commission on Good Government is hereby authorized to request and appeal to foreign governments wherein any such assets or properties may be found to freeze them and otherwise prevent their transfer, conveyance, encumbrance, concealment or liquidation by former President Ferdinand E. Marcos and Mrs Romualdez Marcos, their close relatives, subordinates, business associates, dummies, agents, or nominees, pending the outcome appropriate proceedings in the Philippines to determine whether such assets or properties were acquired by such persons through improper or illegal use of funds belonging to the Government of the Philippines or any of its branches, instrumentalities enterprises, banks, or financial institutions or by taking undue advantage of their office, authority, influence, connections or relationship.

DONE in the City of Manila, Philippines this 12th day of March, in the year of our Lord Nineteen Six

CORAZON C. AQUINO
President of the Philippines

By the President
(Sgd.) **JOKER P. ARROYO**
Executive Secretary

Source: **Presidential Management Staff**

Office of the President of the Philippines. (1986). *[Executive Order Nos.: 1 - 170]*. Manila: Presidential Management Staff.

MALACAÑANG
MANILA

EXECUTIVE ORDER NO. 3
REORGANIZING THE OFFICE OF THE PRESIDENT, AND FOR OTHER PURPOSES.

WHEREAS, the President of the Philippines is empowered to reorganize the administrative structure of the Office of the President;

WHEREAS, there is a need to strengthen the Office of the President by defining the support systems, working relationships, and the allocation of tasks and responsibilities among the different offices therein;

WHEREAS, there is a need to systematize the various functions of the different offices and agencies under the Office of the President by abolishing, consolidating or merging units thereof and/or transferring functions from one unit to another.

NOW, THEREFORE, I, CORAZON C. AQUINO, President of the Philippines, by virtue of the powers vested in me by law, do hereby order:

SECTION 1. Creation of the Office of the Executive Secretary. The Office of the Executive Secretary is hereby created, which shall exercise administrative supervision over all the various offices presently under the Office of the President and who shall consolidate or merge, create or abolish, offices and/or transfer functions from one office to another.

SECTION 2. Appropriations. The existing budgets of the Office of the President including the balance of their unexpended appropriations for Calendar Year 1985 shall continue to be appropriated and programmed.

SECTION 3. Repealing CIause. All provisions of existing laws, proclamations, orders, decrees, instructions, rules and regulations or parts thereof in conflict with the provisions of this Executive Order are hereby modified or repealed accordingly.

SECTION 4. Effectivity. This Executive Order shall take effect immediately.

Done in the City of Manila, this 12th day of March, in the year of Our Lord, nineteen hundred and eighty-six.

(Sgd.) **CORAZON C. AQUINO**
President

By the President:
(Sgd.) **JOKER P. ARROYO**
Executive Secretary

Source: **Presidential Management Staff**

Office of the President of the Philippines. (1986). *[Executive Order Nos.: 1 - 170]*. Manila: Presidential Management Staff.

OFFICE OF THE PRESIDENT
OF THE PHILIPPINES
MALACAÑANG

MALACAÑANG RECORDS OFFICE

EXECUTIVE ORDER NO. 4

Based on the records available on file and in the possession of Malacañang Records Office, Executive Order No. 4 of Presidential Issuances of Corazon C. Aquino was certified by their office as a reserved number and that no original copy of this issuance was forwarded and released to them.

Malacañang Records Office. (2016). *[Memorandum: certification and official count of Presidential Issuances]*. Manila: Malacañang Records Office.

MALACAÑANG
MANILA

EXECUTIVE ORDER NO. 5
CONVERTING THE PRESIDENTIAL COMMISSION ON REORGANIZATION INTO A PRESIDENTIAL COMMISSION ON GOVERNMENT REORGANIZATION, RECONSTITUTING ITS MEMBERSHIP, AND FOR OTHER PURPOSES.

WHEREAS, there is need to effect the necessary and proper changes in the organizational and functional structures of the national and local governments, its agencies and instrumentalities, including government-owned and controlled corporations and their subsidiaries, in order to promote economy, efficiency and effectiveness in the delivery of public services;

WHEREAS, these major changes in the government bureaucracy must be responsive to and be consistent with the national goals for an accelerated socio-economic recovery and progress; and

WHEREAS, it is desirable to provide the President with adequate technical and staff support in the continuing assessment and determination of needed restructuring of government in order to attain the aforesaid national goals.

NOW, THEREFORE, I, CORAZON C. AQUINO, President of the Philippines, by virtue of the powers vested in me by the popular mandate of the PEOPLE and the law of the land, do hereby order:

SECTION 1. The present Presidential Commission on Reorganization (PCR) operating under the provisions of Executive Order No. 575, dated January 4, 1980, is hereby converted into a Presidential Commission on Government Reorganization (PCGR), and its membership reconstituted as follows:

Honorable Luis R. Villafuerte	–	Chairman
Honorable Joker P. Arroyo	–	Member
Honorable Teodoro Locsin, Jr.	–	Member
Honorable Jaime Ferrer	–	Member

The Chairman of the PCGR shall have the rank of Minister and shall be a member of the Cabinet.

SECTION 2. The functional jurisdiction of the PCGR shall encompass, as necessary, the reorganization of the national and local governments, its agencies and instrumentalities, including government-owned or controlled corporations and their subsidiaries.

It shall continue providing staff assistance and consultative advice to the President, ministries and other agencies and instrumentalities of the government on development administration relative to, among others, reorganization, decentralization and regionalization, the career executive service, and the rationalization of government corporation management and functions.

The PCGR shall also assess, evolve and define a framework of the functional relationships between the national government and its political subdivisions at the regional, provincial, city, municipal and barangay levels.

The Special Presidential Reorganization Committee created under Executive Order No. 703, dated July 9, 1981, is hereby abolished and its functions and responsibilities are transferred to the PCGR, including particularly those pertaining to the government corporate sector study provided under Letter of Instructions No. 1454, dated April 8, 1985.

SECTION 3. In order to coordinate and integrate reorganization actions with the goals and objectives of the PCGR, all reorganization measures or proposals shall, prior to their submission to the President for consideration and action, be submitted to, and passed upon by, the PCGR.

SECTION 4. In order to facilitate the reorganization of the government, all ministries and equivalent agencies are hereby required to submit to the PCGR their reorganizational proposals not later than March 30 this year, such proposals to include, among others, internal reorganization measures down to bureau and service levels only (not including divisions and lower level units) and transfer of functions from the ministries to other ministries and vice versa.

The PCGR is hereby authorized to require ministries, bureaus, agencies and government-owned and controlled corporations and local governments to submit to it, whenever deemed necessary, studies, records and other documents that are needed in the performance of its functions and responsibilities.

SECTION 5. The Commission is authorized to secure the services of personnel from other government agencies on temporary detail either on a full-time or part-time basis.

SECTION 6. In the meantime that the necessary documentation for the formal operation of the PCGR under its name is not yet completed, the PCGR is hereby authorized to operate and transact its affairs under the name of the PCR especially with respect to its budget and disbursements as well as other financial and related transactions.

SECTION 7. The amount of TEN MILLION PESOS (₱10,000,000.) subject to the availability of funds, is hereby authorized to be released to the PCGR chargeable against the Special Activities Fund and/or any applicable appropriation's item provided for in Batas Pambansa Blg. 879.

SECTION 8. The PCGR is hereby declared a critical agency and its personnel are accordingly exempted from the application of the rules and regulations of the Office of Compensation and Position Classification. The PCGR shall determine the salary rates of its regular and contractual personnel, as well as the rates of honorarium of detailed personnel.

SECTION 9. All laws, decrees, rules and regulations and other issuances or parts thereof which are contrary to or inconsistent with this Executive Order are hereby repealed or modified accordingly.

SECTION 10. This Executive Order shall take effect immediately.

DONE in the City of Manila, this 12th day of March, in the year of Our Lord, Nineteen Hundred and Eighty-Six.

(Sgd.) **CORAZON C. AQUINO**
President

By the President:
(Sgd.) **JOKER P. ARROYO**
Executive Secretary

Source: **Presidential Management Staff**

Office of the President of the Philippines. (1986). *[Executive Order Nos.: 1 - 170]*. Manila: Presidential Management Staff.

MALACAÑANG
MANILA

EXECUTIVE ORDER NO. 6
PROVIDING PROCEDURES IN THE DISPOSITION OF REQUESTS OF GOVERNMENT OFFICIALS AND EMPLOYEES FOR AUTHORITY TO TRAVEL ABROAD.

WHEREAS, it is the policy of the government to further simplify administrative procedures to promote efficiency and economy in the government service and

WHEREAS, there is an urgent need to improve procedures in the disposition of requests of government officials and employees for authority to travel abroad.

NOW, THEREFORE, I, CORAZON C. AQUINO, President of the Philippines, by virtue of the powers vested in me by law, do hereby order that, henceforth, the travels abroad of government officials and employees shall be authorized by the heads of the ministries and government-owned or controlled corporations, except those of the following government officials which shall be submitted to the Office of the President for decision:

1. Members of the Cabinet, Deputy Ministers and heads of financial institutions.
2. Justices of the Supreme Court and Intermediate Appellate Court.
3. Members of Constitutional Commissions
4. Those which require full powers.

Travel expenses shall be computed in accordance with the provisions of Executive Order No. 129, Series of 1968, as amended by Executive Order No. 421, Series of 1973. It is understood that travels which would entail government expense shall be limited to those which are very urgent and necessary.

This Order shall take effect immediately.

Done in the City of Manila, this 12th day of March, in the year of Our Lord, nineteen hundred and eighty-six.

(SGD.) **CORAZON C. AQUINO**
President

By the President:
(SGD.) **JOKER P. ARROYO**
Executive Secretary

Source: **Presidential Management Staff**

Office of the President of the Philippines. (1986). *[Executive Order Nos.: 1 - 170].* Manila: Presidential Management Staff.

MALACAÑANG
MANILA

EXECUTIVE ORDER NO. 7
APPROPRIATING FUNDS FOR THE OFFICE OF THE VICE-PRESIDENT.

WHEREAS, it is necessary that the Office of the Vice-President be immediately organized so that it can already serve the people and the nation particularly during this period of transition and national reconciliation;

WHEREAS, funds must be appropriated in order to organize the Office of the Vice-President.

NOW, THEREFORE, I, CORAZON C. AQUINO, by virtue of the powers vested in me as President of the Philippines, hereby appropriate, subject to the availability of funds, the sum of TWENTY MILLION (P20,000,000.00) PESOS for the Office of the Vice-President.

This Executive Order shall take effect immediately.

DONE in the City of Manila, this 12th day of March, in the year of Our Lord, Nineteen Hundred and Eighty-Six.

(Sgd.) **CORAZON C. AQUINO**
President

By the President:
(Sgd.) **JOKER P. ARROYO**
Executive Secretary

Source: **Presidential Management Staff**

Office of the President of the Philippines. (1986). *[Executive Order Nos.: 1 - 170]*. Manila: Presidential Management Staff.

MALACAÑANG
MANILA

EXECUTIVE ORDER NO. 8
CREATING THE PRESIDENTIAL COMMITTEE ON HUMAN RIGHTS

WHEREAS, the new government is committed to uphold and respect the people's civil liberties and human rights;

WHEREAS, the United Nations General Assembly Resolution of December 14, 1984 encourages all member states to take steps for the establishment or, where they already exist, the strengthening of national institutions for the protection and promotion of human rights.

NOW, THEREFORE, I, CORAZON C. AQUINO, President of the Philippines, by virtue of the powers vested in me by law, do hereby order: that

SECTION 1. The Presidential Committee on Human Rights. – There is hereby created a Presidential Committee on Human Rights to be attached to Office of the President for general direction and supervision.

SECTION 2. Composition. – The Committee shall be composed of the following:

a.	Mr. Jose W. Diokno	– Chairman
b.	Mr. Justice Jose B. L. Reyes	– Vice-Chairman
c.	Mrs. Zenaida Quezon Avanceña	– Member
d.	Sr. Marianni Dimaraanan	– Member
e.	Miss Haydee Yorac	– Member
f.	Mr. William Claver	– Member
g.	The Judge Advocate General, AFP	– Member

SECTION 3. Nature of Committee. – The primary task of the Committee is to assist the President in the discharge of her duty to respect and foster human rights. It is purely advisory and consultative so that the Committee and all persons or personnel appointed, designated or contracted by it shall not be subject to civil service law, rules and regulations. Moreover, membership in the Committee shall not be construed as in conflict with any other public or private position or profession that the members may hold or practice. Members may designate alternates if they cannot attend a particular meeting or meetings of the Committee.

SECTION 4. Functions of the Committee. – The Committee shall have the following functions:

a. Investigate complaints it may receive, cases known to it or to its members, and such cases as the President may, from time to time, assign to it, of unexplained or forced disappearances, extra-judicial killings (salvaging), massacres, torture, hamletting, food blockades and other violations of human rights, past or present, committed by officers or agents of the national government or persons acting in their place or stead or under their orders, express or implied.

b. Report its findings to the President and make them public, suggesting such action or actions by the new government to compensate the victims and punish culprits as it may deem appropriate.

c. Propose procedures and safeguards to ensure that, under the new government, human rights are not violated by officers or agents of the government or by persons acting in their name and stead or under their orders, express or implied.

d. Performs such other functions as may be necessary for the protection of human rights and the advancement of social justice in the country.

SECTION 5. Powers of the Committee. – The Committee shall exercise the following powers:

a. To administer oaths or affirmations by itself, by a member, or by duly authorized representatives;

b. To take such testimony and other evidence as it may deem relevant to any investigation conducted by it or under its authority;

c. To issue subpoenas and subpoenas duces tecum directing any person to attend and testify at any hearing conducted by, or under authority of, the Committee, or at any meeting thereof, or for the taking of his deposition, and to bring with him or produce any books, papers, records, documents or other things under this supervision or control, including documents, books or other things that have been classified by government, past or present;

d. To grant immunity from prosecution to any person whose testimony, or whose possession of documents or other evidence, is necessary or convenient to determine the truth in any investigation conducted by it or under its authority;

e. To hold any person in direct or indirect contempt, and to impose the appropriate penalties, following the same procedures and penalties provided for in the Rules of Court;

f. To call upon any ministry, bureau, office, or agency of the new government for assistance or reform, which shall forthwith be furnished or accomplished by such government unit;

g. To adopt the forms, hire the staff, fix their salaries, appropriate the budget, promulgate such rules and regulations and, in general, to do all acts and things as may be necessary or convenient to carry out this order.

SECTION 6. Immunity. – Presidential immunity shall extend to the members and staff of the Committee when acting within their duties, functions, powers and authority.

SECTION 7. Funding. – Subject to availability of funds, the sum of FIFTY MILLION PESOS (₱50,000,000.00), or so much thereof as may be necessary, shall be set aside from the funds of the National Treasury and made available for expenditure by the Committee for honoraria, travelling and other expenses of its members, and salaries and other expenses of its staff, in accordance with the budget to be appropriated by it and approved by the President of the Philippines.

SECTION 8. Effectivity. – This Order shall take effect immediately.

DONE in the City of Manila, this 18th day of March, in the year of Our Lord, nineteen hundred and eighty-six.

(Sgd.) **CORAZON C. AQUINO**
President

By the President:
(Sgd.) **JOKER P. ARROYO**
Executive Secretary

Source: **Presidential Management Staff**

Office of the President of the Philippines. (1986). *[Executive Order Nos.: 1 - 170].* Manila: Presidential Management Staff.

MALACAÑANG
MANILA

EXECUTIVE ORDER NO. 9
LIFTING THE BAN OF THE EXPORTATION OF COPRA AND REDUCING THE ADDITIONAL EXPORT DUTY THEREON.

WHEREAS, Executive Order No. 828, Series of 1982, suspended the export of copra, for the reasons stated therein, until further orders of the President;

WHEREAS, the present situation no longer justifies the continuation of the suspension of export of copra; and

WHEREAS, to enable Philippine exporters of copra to be more competitive in the international market, there is likewise a need to reduce the additional export duty thereon.

NOW, THEREFORE, I, CORAZON C. AQUINO, President of the Philippines, by virtue of the powers vested in me by law, do hereby order:

SECTION 1. The suspension of the export of copra imposed under Executive Order No. 828, Series of 1982, is hereby lifted. Copra may now be exported subject to the procedures and requirements set forth by law and regulations.

SECTION 2. Pursuant to the provisions of Section 515 of the Tariff and Customs Code, the Additional Export Duty on Copra is hereby reduced from 7-1/2% to 2-1/2%.

SECTION 3. Executive Order No. 828, Series of 1982, is hereby repealed. Executive Order No. 1056 and other Executive Orders, rules and regulations and rulings inconsistent herewith are hereby repealed, revoked, amended or modified accordingly; Provided, that violations of Executive Order No. 828, Series of 1982, committed prior to the effectivity of this Executive Order shall continue to be prosecuted and the penalties prescribed by law for such violations imposed. Rewards pursuant to the provisions of Executive Order No. 921, Series of 1984, shall likewise continue to be paid.

SECTION 4. This Executive Order shall take effect immediately.

DONE in the City of Manila, this 19th day of March, in the year of Our Lord, Nineteen Hundred and Eighty-Six.

(Sgd.) **CORAZON C. AQUINO**
President

the President:
(Sgd.) **JOKER P. ARROYO**
Executive Secretary

Source: **Presidential Management Staff**

Office of the President of the Philippines. (1986). *[Executive Order Nos.: 1 - 170]*. Manila: Presidential Management Staff.

MALACAÑANG
MANILA

EXECUTIVE ORDER NO. 10
PLACING THE OFFICES, AGENCIES AND CORPORATIONS ATTACHED TO THE MINISTRY OF HUMAN SETTLEMENTS UNDER THE ADMINISTRATIVE SUPERVISION OF THE OFFICE OF THE PRESIDENT.

WHEREAS, there is a need to place all the offices, agencies and corporations attached to the Ministry of Human Settlements under the administrative supervision of one office in the meantime that the Presidential Commission on Government Reorganization is still studying the over-all structure of the government;

WHEREAS, the President of the Philippines is the Chief Executive of the government and as such the Office of the President exercises administrative supervision and control over all the various ministries.

NOW, THEREFORE, I, CORAZON C. AQUINO, President of the Philippines, by virtue of the powers vested in me by the fundamental law of the land, do hereby order:

SECTION 1. All the offices, agencies as well as corporations attached to the Ministry of Human Settlements are hereby placed under the administrative supervision of the Office of the President until such time when a determination where to place said offices, agencies and corporations shall have been made.

SECTION 2. This Executive Order shall take effect immediately

Done in the City of Manila, this 26th day of March, in the year of Our Lord, nineteen hundred and eighty-six.

(Sgd.) **CORAZON C. AQUINO**
President

By the President:
(Sgd.) **JOKER P. ARROYO**
Executive Secretary

Source: **Presidential Management Staff**

Office of the President of the Philippines. (1986). *[Executive Order Nos.: 1 - 170]*. Manila: Presidential Management Staff.

MALACAÑAN PALACE
MANILA

EXECUTIVE ORDER NO. 11
CREATING THE BOARD OF ADMINISTRATORS FOR BANAHAW BROADCASTING CORPORATION (BBC), RADIO PHILIPPINE NETWORK (RPN), AND INTERNATIONAL BROADCASTING CORPORATION (IBC) TELEVISION AND RADIO STATIONS, DEFINING ITS POWERS AND FUNCTIONS, AND FOR OTHER PURPOSES.

WHEREAS, the Chairman of the Presidential Commission on Good Government had requested the temporary sequestration of the facilities, property and equipment of BBC (Channel 2), RPN (Channel 9) and IBC (Channel 13) located in Broadcast City, Capitol Hills, Quezon City, because substantial resources of government financial institutions were utilized in their acquisition and expansion by the owners who remain unidentified and in order to properly maintain the assets and ensure continuous dissemination of true and accurate information to the people pending investigation by the Commission and until the question of their true ownership is determined;

WHEREAS, the Minister of National Defense issued Ministry Order No. A-003 ordering the sequestration of BBC, RPN and IBC television and radio stations, including their properties, funds and other assets (the "seized assets"), and the taking over and assumption of the management, control and operation of the business by a task force to be later constituted;

WHEREAS, on March 2, 1986 the Minister of Information constituted said task force consisting of a head and four members;

WHEREAS, the task force has started implementation of the sequestration order and has recommended that the control and custody of the seized assets and the operation and management of the business be vested in a multi-sectoral board in order to achieve an independent, impartial and efficient administration of the operations.

NOW, THEREFORE, I, CORAZON C. AQUINO, President of the Philippines, by virtue of the powers vested in me by law, do hereby order the following:

SECTION 1. Creation. – There is hereby created a Board of Administrators ("the board"), which shall manage and operate the business and affairs of BBC, RPN and IBC. The Board of Administrators shall have custody of their funds and assets subject to the control and supervision of the Presidential Commission on Good Government in the furtherance of its functions and responsibilities under Executive Orders Nos. 1 and 2 respectively. The Board shall, likewise, properly preserve, maintain and operate the assets of the aforementioned companies in accordance with the diligence of a good father of the family and in a manner consistent with the public interest, convenience and necessity. The Board shall be composed of seven (7) members chosen who shall be appointed by the Minister of Information after due consultation with the Presidential Commission on Good Government. All members of the board shall come from the private sector. The chairman of the board shall be elected by the members.

SECTION 2. Policy Guidelines and Objectives. – Subject to the regulatory measures which now or hereafter may generally be imposed by the Government on radio and television, the board shall be an independent body free from supervision or control by the Ministry of Information or any government office or agency as regards network affiliation and practices, programming, sponsorship, network time arrangements, talent control, and all other aspects of radio and television operation and management.

The board shall endeavor to achieve widest possible dissemination of ideas and maximize service and program viewpoints and opinion sources with service to the public as its ultimate goal, at all times ensuring that freedom of the press is maintained.

SECTION 3. Functions and Powers. – The board shall function in all respects like a board of directors of a corporation under the Corporation Code. It shall exercise the powers of a board of directors which are considered acts of administration but not acts of strict dominion. It shall also exercise all the powers imposed on trustees under the principles of the general law of trusts, and on officious managers under the law on extracontractual obligations insofar as the same are applicable to or consistent with the provisions of this Order.

SECTION 4. Compensation. – The members of the board shall receive for each meeting actually attended per diems as may be fixed by the Presidential Commission on Good Government but which in no case shall exceed the maximum per diems to be paid to members of the board of directors of government-owned or controlled corporations.

SECTION 5. Vacancy. – Any vacancy in the board caused by incapacity, resignation, removal, or death shall be filled by the Minister of Information after due consultation with the Presidential Commission on Good Government.

SECTION 6. Reports. – The Comptroller of the companies shall be appointed by the Presidential Commission on Good Government. He shall submit to the Presidential Commission on Good Government periodical reports of the status of the seized assets and results of its operations as may be determined by the Presidential Commission on Good Government. Copies of said reports shall be sent to the President.

SECTION 7. Tenure. – The term of existence of the board shall be co-terminus with the investigation of the seized assets by the Presidential Commission on Good Government and until final disposition of the seized assets in accordance with the findings of the Commission. The members of the board shall hold office at the pleasure of the President.

SECTION 8. Disposition of Seized Assets. – Without prejudice to the findings of the Commission, the Minister of Information is hereby directed to make studies and recommend to the President such measures and steps as may be necessary to achieve diversification of ownership of the stations and promote healthy competition in the broadcasting and telecasting industry. To properly enable him to carry out his duty, the Minister of Information is hereby authorized to appoint a committee or seek expertise assistance to make such studies and recommendations.

SECTION 9. Effectivity. – This Executive Order shall take effect immediately.

Done in the City of Manila, this 8th day of April, in the year of Our Lord, nineteen hundred and eighty-six.

(Sgd.) **CORAZON C. AQUINO**

By the President:
(Sgd.) **JOKER P. ARROYO**
Executive Secretary

Source: **Presidential Management Staff**

Office of the President of the Philippines. (1986). *[Executive Order Nos.: 1 - 170].* Manila: Presidential Management Staff.

MALACAÑANG
MANILA

EXECUTIVE ORDER NO. 12
DECLARING THE REORGANIZATION OF THE SUPREME COURT COMPLETED.

WHEREAS, Section 2, Article III of Proclamation No. 3 provides that: "All elective and appointive officials and employees under the 1973 Constitution shall continue in office until otherwise provided by proclamation or executive order or upon the designation or appointment and qualification of their successors, if such is made within a period of one year from February 25, 1986.";

WHEREAS, Chief Justice Claudio Teehankee and Associate Justices Vicente Abad Santos, Jose V. Feria, Pedro L. Yap, Marcelo B. Fernan, Andres R. Narvasa, Ameurfina Melencio-Herrera, Nestor B. Alampay, Hugo E. Gutierrez, Jr. and Isagani A. Cruz had already been appointed to the Supreme Court and have assumed office, without prejudice to the filling of the remaining vacancies;

WHEREAS, the other Associate Justices who were appointed prior to Proclamation No. 3 have tendered their courtesy resignations and extended to the President their cooperation in carrying out the peaceful mandate of rebuilding confidence in the entire governmental system, including the judiciary, which the President accepts with thanks.

NOW, THEREFORE, I, CORAZON C. AQUINO, President of the Philippines, by virtue of the powers vested in me by law, do hereby declare the reorganization of the Supreme Court completed.

This Executive Order shall take effect immediately.

Done in the City of Manila, this 16th day of April, in the year of Our Lord, nineteen hundred and eighty-six.

(Sgd.) **CORAZON C. AQUINO**

By the President:
(Sgd.) **JOKER P. ARROYO**
Executive Secretary

Source: **Presidential Management Staff**

Office of the President of the Philippines. (1986). *[Executive Order Nos.: 1 - 170]*. Manila: Presidential Management Staff.

MALACAÑANG
MANILA

BY THE PRESIDENT OF THE PHILIPPINES

EXECUTIVE ORDER NO. 13
AMENDING EXECUTIVE ORDER NO. 1, DATED FEBRUARY 28, 1986, CREATING THE PRESIDENTIAL COMMISSION ON GOOD GOVERNMENT.

I, CORAZON C. AQUINO, President of the Philippines, do hereby order:

SECTION 1. Executive Order No. 1, dated February 28, 1986, creating the Presidential Commission on Good Government, is hereby amended by inserting a new section between Sections 5 and 6, as follows:

> "Section 5-A. The Commission is hereby declared a critical agency and its personnel are accordingly exempted from the application of the rules and regulations of the Office of Compensation and Position Classification. The Commission shall determine the salary rates of its regular and contractual personnel, as well as the rates of honorarium of detailed personnel."

SEC. 2. This Executive Order shall take effect immediately.

Done in the City of Manila, this 23rd day of April, in the year of Our Lord, nineteen hundred and eighty-six.

(Sgd.) **CORAZON C. AQUINO**
President of the Philippines

By the President:
(Sgd.) **JOKER P. ARROYO**
Executive Secretary

Source: **Presidential Management Staff**

Office of the President of the Philippines. (1986). *[Executive Order Nos.: 1 - 170]*. Manila: Presidential Management Staff.

MALACAÑANG
MANILA

EXECUTIVE ORDER NO. 14

DEFINING THE JURISDICTION OVER CASES INVOLVING THE ILL-GOTTEN WEALTH OF FORMER PRESIDENT FERDINAND E. MARCOS, MRS. IMELDA R. MARCOS, MEMBERS OF THEIR IMMEDIATE FAMILY, CLOSE RELATIVES, SUBORDINATES, CLOSE AND/OR BUSINESS ASSOCIATES, DUMMIES, AGENTS AND NOMINEES.

WHEREAS, the Presidential Commission on Good Government was created on February 28, 1986 by Executive Order No. 1 to assist the President in the recovery of ill-gotten wealth accumulated by former President Ferdinand E. Marcos, his immediate family, relatives, subordinates and close associates;

WHEREAS, the Presidential Commission on Good Government under Executive Order No. 2 dated March 12, 1986, has likewise been primarily charged with the responsibility of recovering the assets and properties illegally acquired or misappropriated by former President Ferdinand E. Marcos and/or Mrs. Imelda R. Marcos, their close relatives, subordinates, business associates, dummies, agents or nominees;

WHEREAS, Article II, Section 1(d) of Proclamation No. 3, dated March 25, 1986, declaring a national policy to implement the reforms mandated by the people, protecting their basic rights, adopting a provisional constitution, and providing for an orderly transition to a government under a new constitution, states that: "The President shall give priority to measures to achieve the mandate of the people to recover ill-gotten properties amassed by the leaders and supporters of the previous regime and protect the interest of the people through orders of sequestration or freezing of assets or accounts";

WHEREAS, the vital task of the Commission involves the just and expeditious recovery of such ill-gotten wealth in order that the funds, assets and other properties may be used to hasten national economic recovery;

WHEREAS, the overriding considerations of national interest and national survival require that the Presidential Commission on Good Government achieve its vital task efficiently and effectively, with due regard to the requirements of fairness and due process;

NOW, THEREFORE, I, CORAZON C. AQUINO, President of the Philippines, hereby order:

SECTION 1. Any provision of the law to the contrary notwithstanding, the Presidential Commission on Good Government, with the assistance of the Office of the Solicitor General and other government agencies, is hereby empowered to file and prosecute all cases investigated by it under Executive Order No. 1, dated February 28, 1986, and Executive Order No. 2, dated March 12, 1986, as may be warranted by its findings.

SECTION 2. The Presidential Commission on Good Government shall file all such cases, whether civil or criminal, with the Sandiganbayan, which shall have exclusive and original jurisdiction thereof.

SECTION 3. Civil suits for restitution, reparation of damages, or indemnification for consequential damages, forfeiture proceedings provided for under Republic Act No. 1379, or any other civil actions under the Civil Code or other existing laws, in connection with Executive Order No. 1 dated February 28, 1986 and Executive Order No. 2 dated March 12, 1986, may be filed separately from and proceed independently of any criminal proceedings and may be proved by a preponderance of evidence.

The technical rules of procedure and evidence shall not be strictly applied to the civil cases filed hereunder.

SECTION 4. No person shall be excused from attending and testifying or from producing books, papers, correspondence, memoranda and other records on the ground that the testimony or evidence, documentary or otherwise, required of him may tend to incriminate him or subject him to prosecution; but no individual shall be prosecuted criminally for or on account of any transaction, matter or thing concerning which he is compelled, after having claimed the privilege against self-incrimination, to testify or produce evidence, documentary or otherwise, except that such individual so testifying shall not be exempt from prosecution and conviction for perjury or false testimony committed in so testifying or from such administrative proceedings as may be proper and necessary.

SECTION 5, The Presidential Commission on Good Government is authorized to grant immunity from criminal prosecution to any person who testifies to the unlawful manner in which any respondent, defendant or accused has acquired or accumulated the property or properties in question in cases where such testimony is necessary to prove violations of existing laws.

SECTION 6. The time limitations provided for in Sections 2 and 6 of Republic Act No. 1379 regarding the filing of cases and the rendition of judgments thereon shall not apply to the cases filed hereunder.

SECTION 7. The provisions of this Executive Order shall prevail over any and all laws, or parts thereof, as regards the investigation, prosecution, and trial of cases for violations of laws involving the acquisition and accumulation of ill-gotten wealth as mentioned in Executive Orders Nos. 1 and 2.

SECTION 8. This Executive Order shall take effect immediately.

Done in the City of Manila, this 7th day of May, in the year of Our Lord, nineteen hundred and eighty-six.

(Sgd.) **CORAZON C. AQUINO**
President of the Philippines

By the President:
(Sgd.) **JOKER P. ARROYO**
Executive Secretary

Source: **Presidential Management Staff**

Office of the President of the Philippines. (1986). *[Executive Order Nos.: 1 - 170]*. Manila: Presidential Management Staff.

MALACAÑANG
MANILA

EXECUTIVE ORDER NO. 14-A
AMENDING EXECUTIVE ORDER NO. 14

WHEREAS, Executive Order No. 14 dated May 7, 1986 was issued vesting in the Sandiganbayan original and exclusive jurisdiction over all criminal and civil suits filed by the Presidential Commission on Good Government;

WHEREAS, there is a need to further clarify such Executive Order with respect to the scope and meaning of certain provisions therein;

NOW, THEREFORE, I, CORAZON C. AQUINO, President of the Philippines, do hereby order:

SECTION 1. Section 3 of Executive Order No. 14 dated May 7, 1986 is hereby amended to read as follows:

> "SECTION 3. The civil suits to recover unlawfully acquired property under Republic Act No. 1379 or for restitution, reparation of damages, or indemnification for consequential and other damages or any other civil actions under the Civil Code or other existing laws filed with the Sandiganbayan against Ferdinand E. Marcos, Imelda R. Marcos, members of their immediate family, close relatives, subordinates, close and/or business associates, dummies, agents and nominees, may proceed independently of any criminal proceedings and may be proved by a preponderance of evidence."

SECTION 2. Section 4 of Executive Order No. 14 dated May 7, 1986 is hereby amended to read as follows:

> "SECTION 4. A witness may refuse on the basis of his privilege against self-incrimination, to testify or provide other information in a proceeding before the Sandiganbayan if the witness believes that such testimony or provision of information would tend to incriminate him or subject him to prosecution. Upon such refusal the Sandiganbayan may order the witness to testify or provide information.
>
> The witness may not refuse to comply with the order on the basis of his privilege against self-incrimination; but no testimony or other information compelled under the order (or any information directly or indirectly derived from such testimony, or other information) may be used against the witness in any criminal case, except a prosecution for perjury, giving a false statement, or otherwise failing to comply with the order."

SECTION 3. Section 5 of Executive Order No. 14 dated May 7, 1986 is hereby amended to read as follows:

> "SECTION 5. The Presidential Commission on Good Government is authorized to grant immunity from criminal prosecution to any person who provides information or testifies in any investigation conducted by such Commission to establish the unlawful manner in which any respondent, defendant or accused has acquired or accumulated the property or properties in question in any case where such information or testimony is necessary to ascertain or prove the latter's guilt or his civil liability. The immunity thereby granted shall be continued to protect the witness who repeats such testimony before the Sandiganbayan when required to do so by the latter or by the Commission."

SECTION 4. Section 7 of Executive Order No. 14 dated May 7, 1986 is hereby amended as follows:

> "SECTION 7. The provisions of this Executive Order shall prevail over any laws or parts thereof, or the Rules of Court as regards the investigation, prosecution, and trial of cases to recover the ill-gotten wealth accumulated by the persons mentioned in Executive Orders Nos. 1 and 2."

SECTION 5. This Executive Order shall take effect immediately.

Done in the City of Manila, Philippines, this 18th day of August, in the year of Our Lord, nineteen hundred and eighty-six.

(Sgd.) **CORAZON C. AQUINO**
President of the Philippines

By the President:
(Sgd.) **JOKER P. ARROYO**
Executive Secretary

Source: **Presidential Management Staff**

Office of the President of the Philippines. (1986). *[Executive Order Nos.: 1 - 170]*. Manila: Presidential Management Staff.

MALACAÑANG
MANILA

EXECUTIVE ORDER NO. 15
ABOLISHING THE ECONOMIC SUPPORT FUND COUNCIL AND TRANSFERRING ITS FUNCTIONS TO THE NATIONAL ECONOMIC & DEVELOPMENT AUTHORITY.

WHEREAS, there is need to avoid disruption of activities relating to the programming, project preparation and utilization of ESF proceeds;

WHEREAS, there are prospects of increased economic assistance to the Philippine Government from the U.S. Government;

WHEREAS, the National Economic Development Authority has been coordinating the programming of official development assistance (ODA) from foreign sources except the Economic Support Fund (ESF) which is being coordinated by a Council headed by the Minister of Human Settlements and supported by a Secretariat under the Office of the President;

WHEREAS, there is need to consolidate official development assistance coordination function into one governmental organization

NOW, THEREFORE, I, CORAZON C. AQUINO, President of the Republic of the Philippines, do hereby order and direct the following:

SECTION 1. The Economic Support Fund Council created under LOI 1030 as amended by LOI 1434 is hereby abolished.

SECTION 2. The powers, functions and duties of the Economic Support Fund Council is herein transferred to the National Economic and Development Authority. Subject to the approval of the President, the NEDA shall formulate policies on the uses of the Economic Support Fund for the implementation and execution by the Economic Support Fund Secretariat.

SECTION 3. The Economic Support Fund Secretariat created under LOI 1030 as amended by LOI 1434 is hereby retained as the fund funding and implementing agency under the control of the Office of the President to execute programs and projects financed by the Economic Support Fund.

SECTION 4. The National Economic and Development Authority, in coordination with the Economic Support Fund Secretariat shall represent the Philippine Government in dealing with the United States Agency for International Development (USAID) or any instrumentalities of the United States Government duly authorized to handle Economic Support Fund issues.

SECTION 5. This Executive Order shall take effect immediately

DONE in the City of Manila, this 8th day of May, in the year of Our Lord, nineteen hundred and eighty-six.

(SGD.) **CORAZON C. AQUINO**
President of the Philippines

By the President:
(SGD.) **JOKER P. ARROYO**
Executive Secretary

Source: **Presidential Management Staff**

Office of the President of the Philippines. (1986). *[Executive Order Nos.: 1 - 170]*. Manila: Presidential Management Staff.

MALACAÑANG
MANILA

EXECUTIVE ORDER NO. 16
AMENDING SECTION 5 OF REPUBLIC ACT NO. 265, AS AMENDED, TO INCREASE THE MEMBERSHIP OF THE MONETARY BOARD.

WHEREAS, the present government is confronted by serious budgetary constraints as a result of the adverse financial situation;

WHEREAS, these constraints will be alleviated by the adoption of necessary and responsive fiscal, monetary and credit policies by the economic group, particularly the Central Bank of the Philippines, and such policies will have a critical impact on the budgetary process;

WHEREAS, there is need to harmonize and coordinate budgeting with monetary, credit and fiscal policies;

WHEREAS, considering the crucial role of the Ministry of the Budget in the inter-play of monetary, credit and fiscal policies and budgetary measures, the Minister of the Budget should be ex-officio member of the Monetary Board.

NOW, THEREFORE, I, CORAZON C. AQUINO, President of the Philippines, by virtue of the powers vested in me by law, do hereby order the following:

SECTION 1. Section 5 of R.A. No. 265, as amended, is hereby further amended, as follows:

> "SEC. 5. Composition of the Monetary Board. – The powers and functions of the Central Bank shall be exercised by a Monetary Board, which shall be composed of seven members, as follows:
>
> (a) The Governor, who shall be the Chairman of the Monetary Board. The Governor shall be appointed for a term of six years by the President of the Philippines. Whenever the Governor is unable to attend a meeting of the Board, the Senior Deputy Governor shall act as Chairman;
>
> (b) The Minister of Finance. Whenever the Minister of Finance is unable to attend a meeting of the Board, he shall designate a deputy to attend as his alternate;
>
> (c) The Director-General of the National Economic and Development Authority. Whenever the Director General is unable to attend a meeting of the Board, he shall designate a deputy director general of the Authority to attend as his alternate;
>
> (d) The Chairman of the Board of Investments. Whenever the Chairman of the Board of Investments is unable to attend a meeting of the Board, he shall designate a governor of the Board of Investments to attend as his alternate;
>
> (e) The Minister of the Budget. Whenever the Minister of the Budget is unable to attend a meeting of the Board, he shall designate a deputy to attend as his alternate;

(f) In lieu of any officials named in sub-section (c) or (d) above, such head of any other financial or economic agency or department of the Government as the President of the Philippines may determine;

(g) Two part-time members from the private sector, to be appointed for terms of four years by the President: Provided, however, That the first member appointed under the provisions of this sub-section shall have terms of office of two and four years respectively.

In making appointments to the Monetary Board, the President of the Philippines shall base his selection on the integrity, experience and expertise of the appointee."

SECTION 2. This Executive Order shall take effect immediately.

Done in the City of Manila, this 9th day of May, in the year of Our Lord, nineteen hundred and eighty-six.

(SGD.) **CORAZON C. AQUINO**
President of the Philippines

By the President:
(SGD.) **JOKER P. ARROYO**
Executive Secretary

Source: **Presidential Management Staff**

Office of the President of the Philippines. (1986). *[Executive Order Nos.: 1 - 170]*. Manila: Presidential Management Staff.

MALACAÑANG
MANILA

EXECUTIVE ORDER NO. 17
PRESCRIBING RULES AND REGULATIONS FOR THE IMPLEMENTATION OF SECTION 2, ARTICLE III OF THE FREEDOM CONSTITUTION.

WHEREAS, Section 2, Article III of the Freedom Constitution provides that "all elective and appointive officials under the 1973 Constitution shall continue in office until otherwise provided by proclamation or executive order upon the designation or appointment and qualification of their successors, if such appointment is made within the period of one year from February 25, 1986";

WHEREAS, in order to obviate unnecessary anxiety and demoralization among the deserving officials and employees, particularly in the career civil service, it is necessary to prescribe the rules and regulations for implementing the said constitutional provision to protect career civil servants whose qualifications and performance meet the standards of service demanded by the New Government, and to ensure that only those found corrupt, inefficient and undeserving are separated from the government service;

NOW, THEREFORE, I, CORAZON C. AQUINO, President of the Republic of the Philippines, by virtue of the powers vested in me by the Freedom Constitution, do hereby order:

SECTION 1. In the course of implementing Article III, Section 2 of the Freedom Constitution, the Head of each Ministry shall see to it that the separation or replacement of officers and employees is made only for justifiable reasons, to prevent indiscriminate dismissals of personnel in the career civil service whose qualifications and performance meet the standards of public service of the New Government.

Any office, agency, instrumentality or government-owned or controlled corporation, which is not attached to any ministry, including any of the constitutional commissions and state colleges and universities, shall be considered a ministry for purposes of this Order.

The Ministry concerned shall adopt its own rules and procedures for the review and assessment of its personnel, including the identification of sensitive positions which require more rigid assessment of the incumbents, and shall complete such review/assessment as expeditiously as possible but not later than February 24, 1987 to prevent undue demoralization in the public service.

SECTION 2. The Ministry Head concerned, on the basis of such review and assessment, shall determine who shall be separated from the service. Thereafter, he shall issue to the official or employee concerned a notice of separation which shall indicate therein the reason/s or ground/s for such separation and the fact that the separated official or employee has the right to file a petition for reconsideration pursuant to this Order. Separation from the service shall be effective upon receipt of such notice, either personally by the official or employee concerned or on his behalf by a person of sufficient discretion.

SECTION 3. The following shall be the grounds for separation/replacement of personnel:

1) Existence of a case for summary dismissal pursuant to Section 40 of the Civil Service Law;
2) Existence of a probable cause for violation of the Anti-Graft and Corrupt Practices Act as determined by the Ministry Head concerned;

3) Gross incompetence or inefficiency in the discharge of functions;
4) Misuse of public office for partisan political purposes;
5) Any other analogous ground showing that the incumbent is unfit to remain in the service or his separation/replacement is in the interest of the service.

SECTION 4. No court shall issue any restraining order or writ of preliminary injunction to enjoin the separation/replacement of any official or employee in the government service pursuant to this Order.

SECTION 5. There is hereby created a Committee which shall act on all petitions for reconsideration filed by any official or employee separated from the service pursuant to this Order. The Committee shall be composed of the Minister of Justice, as Chairman, and the Executive Secretary, the Minister of the Budget, the Minister for Government Reorganization, the Chairman of the Civil Service Commission, and the Chairman of the Commission on Audit, or their duly designated representatives, as Members. The Committee shall be assisted by such number of hearing officers as it may designate.

SECTION 6. A petition for reconsideration may be filed with the Committee by the separated official or employee within ten (10) days from receipt of the notice of separation. In the case of those already separated from the service upon the issuance of this Order, including those whose resignations were accepted or whose successors have been appointed/designated, the petition shall be filed within ten (10) days from date of publication of this Order in a newspaper of general circulation.

SECTION 7. The Committee shall adopt its rules of procedure, provided that proceedings in the Committee shall be summary in nature. The decision of the Ministers concerned shall be final if not reversed or modified by the Committee within thirty (30) days from receipt of the petition for reconsideration. No permanent appointment shall be issued to replace an incumbent who is separated pursuant to this Order until the expiration of the aforementioned thirty-day period or the denial of the petition for reconsideration.

SECTION 8. The decision of the Committee shall be final. No request for reconsideration shall be entertained.

SECTION 9. If the questioned separation from the service is reversed, the petitioner shall be reintsated to his former position, or shall be reappointed to a position of comparable rank and salary in the Ministry or bureau or office under said Ministry. In such cases, the petitioner shall be considered on vacation leave of absence without pay during the time he was out of the service.

SECTION 10. For purposes of this Order, appointment/designations of ministry or bureau assistant regional directors and officials of equivalent or lower rank shall be made by the Minister concerned.

SECTION 11. This Executive Order shall not apply to elective officials or those designated to replace them, presidential appointees, casual and contractual employees, or officials and employees removed pursuant to disciplinary proceedings under the Civil Service Law and rules, and to those laid off as a result of the reorganization undertaken pursuant to Executive Order No. 5.

SECTION 12. The amount of Five Hundred Thousand Pesos (₱500,000.00) is hereby alloted from the Special Activities Fund for the effective implementation of this Order.

SECTION 13. This Executive Order shall take effect immediately.

DONE in the City of Manila, this 28th day of May, in the year of Our Lord, nineteen hundred and eighty-six.

(Sgd.) **CORAZON C. AQUINO**

By the President:
(Sgd.) **JOKER P. ARROYO**
Executive Secretary

Source: **Presidential Management Staff**

Office of the President of the Philippines. (1986). *[Executive Order Nos.: 1 - 170].* Manila: Presidential Management Staff.

MALACAÑANG
MANILA

EXECUTIVE ORDER NO. 18
CREATING A SUGAR REGULATORY ADMINISTRATION

WHEREAS, the sugar industry is a major component of the socio-economic and political structure of the country;

WHEREAS, the present laws restricting free enterprise within the sugar industry have not only stifled the industry's growth, development and stability, but more importantly, have placed it in the vicious sphere of monopoly;

WHEREAS, national interest requires that the free market forces should be allowed to prevail in the marketing of sugar although the production of the same should be regulated and supported by an innovative research and development program and a socio-economic program which will primarily be the private sector's responsibility.

NOW, THEREFORE, I, CORAZON C. AQUINO, President of the Philippines, do hereby order:

SECTION 1. Declaration of Policy. – It shall be the policy of the State to promote the growth and development of the sugar industry through greater and significant participation of the private sector, and to improve the working condition of laborers.

SECTION 2. The Sugar Regulatory Administration. – In order to carry out the foregoing policy, a Sugar Regulatory Administration under the Office of the President is hereby created with the following objectives:

(A) To institute an orderly system in sugarcane production for the stable, sufficient and balanced production of sugar, for local consumption, exportation and strategic reserves;

(B) To establish and maintain such balanced relation between production and requirement of sugar and such marketing conditions as will insure stabilized prices at a level reasonably profitable to the producers and fair to consumers;

(C) To promote the effective merchandising of sugar and its by-products in the domestic and foreign markets so that those engaged in the sugar industry will be placed on a basis of economic viability;

(D) To undertake such relevant studies as may be needed in the formulation of policies and in the planning and implementation of action programmes required in attaining the purposes and objectives set forth under this Executive Order.

SECTION 3. Powers and Functions. – The Sugar Regulatory Administration shall have the following powers and functions:

(A) To recommend the establishment of a sugar production coefficient and a production quota which shall be attached to the land for each planter;

(B) To institute regulations for implementing, controlling and monitoring the production quotas;

(C) To establish domestic, export and reserve allocations;

(D) To explore and expand the domestic market and foreign markets for sugar and by-products, to assure mutual benefits to consumers and producers, and to promote and maintain a proper balance of production of sugar and its by-products;

(E) To institute, implement and regulate an orderly system of quedanning, disposition and withdrawals of various forms of sugar from warehouses;

(F) To evaluate and recommend to the President new projects involving the production of sugar and its by-products and other products derived from sugarcane and sugar;

(G) To issue permits and licenses and collect corresponding fees and levies on the processing and manufacture of sugar and its by-products and other products derived from sugarcane and sugar;

(H) To enter, make and execute routinary contracts as may be necessary for or incidental to the attainment of its purposes between any persons, firm, public or private, and the Government of the Philippines;

(I) To do all such other things, transact such other businesses and perform such functions directly or indirectly necessary, incidental or conducive to the attainment of the purposes of the Sugar Regulatory Administration.

SECTION 4. Governing Body: Sugar Board. – All corporate powers of the Sugar Regulatory Administration shall be vested in, and exercised by, the Sugar Board. The Board shall be composed of an Administrator, who shall act as its chairman, to be appointed by the President of the Philippines, and two (2) members. The two members of the Board shall likewise be appointed by the President of the Philippines upon the recommendation of the sugar industry, with one member representing the millers and the other representing the planters.

The Sugar Board shall meet in regular session once a month. The Board may be called by the Chairman or both private sector's representatives to a special session as the need arises.

The Administrator shall be the Chief Executive Officer of the Sugar Regulatory Administration.

SECTION 5. Tenure. – The Administrator shall hold office at the pleasure of the President of the Philippines. The two members from the private sector shall hold office for a period of three (3) years unless sooner removed for cause. No reappointment of the Members shall be made immediately upon termination of their respective terms of office. Any Member appointed to a vacancy shall serve only for the unexpired term of the Member whom he succeeds.

SECTION 6. Functions of the Sugar Board. – The Board shall have the following powers and functions:

(A) To prescribe, amend, modify, or repeal rules and regulations, governing the manner in which the general business of the Board shall be exercised subject to the approval of the President;

(B) To establish policies pertaining to the sugar and sugarcane production control, quedanning of sugar produced; withdrawals from sugar warehouses; issuance of permits and licenses in the processing and manufacture of raw sugar, refined sugar and other classes of sugar; issuance of permits and licenses and other related issues pertaining to the specific and general powers prescribed in this Executive Order.

(C) To enter into contracts, transactions, or undertakings of whatever nature which are necessary or incidental to its functions and objectives with any natural or juridical persons and with any foreign government institutions, private corporations, partnership or private individuals;

(D) To fix the compensation of the Administrator and the other officers and employees of the Sugar Regulatory Administration, subject to the approval of the Office of the President of the Philippines;

(E) To approve the annual and/or such supplemental budgets of the Sugar Regulatory Administration as may be submitted to it by the Administrator from time to time; and

(F) To perform such other duties, like the preparation of a study on particular issues regarding the sugar industry, as may be assigned to it by the President of the Philippines.

SECTION 7. Appointment and Promotions. – In the appointment and promotion of officers and employees, merit and efficiency shall serve as basis, and no political test or other qualifications shall be prescribed and considered for such appointments or promotions. Any person appointed by the Sugar Regulatory Administration in violation of this prohibition, shall be removed from office by the Office of the President of the Philippines.

SECTION 8. Application of Civil Service Law and Regulation and Compensation and Position Classification. – All officers and employees of the Sugar Regulatory Administration shall be subject to the Civil Service Law, rules and regulations, except those whose positions may be declared by the Board as policy-determining, primarily confidential or technical in nature. The rules and regulations issued by the Office of Compensation and Position Classification shall be applicable to all officers and employees of the Sugar Regulatory Administration.

SECTION 9. Audit Personnel. – The Chairman of the Commission on Audit shall appoint a representative who shall be the Auditor of the Sugar Regulatory Administration and the necessary personnel to assist the said representative in the performance of his duties. The salaries of the Auditor and his personnel shall be determined and paid by the Commission on Audit.

SECTION 10. Audit Report. – The financial transactions of the Sugar Regulatory Administration shall be audited in accordance with law, administrative regulations and the principles and procedures applicable to commercial corporate transactions. A report of audit for each fiscal year shall be submitted by the Auditor, through the Chairman of Commission on Audit, to the Sugar Regulatory Administration and copies thereof shall be furnished the President of the Philippines.

SECTION 11. Financing. – Until otherwise provided, as directed and ordered by the President of the Philippines, the Sugar Regulatory Administration shall continue to receive the proceeds of levies, charges and other impositions as now granted by law, decree and/or executive order, to the Philippine Sugar Commission.

SECTION 12. Suspension of Sole Trade Authority. – The Authority granted by Presidential Decree No. 1971, dated February 21, 1985, and No. 1984, dated October 4, 1985, to Philippine Sugar Marketing Corporation (PHILSUMA) to act as a sole buying and selling agency for export sugar shall cover only all such sugar as of crop year 1985-1986. Thereafter, the said authority shall cease, and free enterprise shall be observed in the marketing of domestic and export sugar. The exemption from R.A. No. 1180, as amended by PD No. 714, granted by Section 5, PD No. 1984, to PHILSUMA is hereby withdrawn.

SECTION 13. Transitory Provisions. – The Philippine Sugar Commission (PHILSUCOM) is hereby abolished. The Sugar Regulatory Administration may retain some of the personnel of said agency as it may deem necessary. Any public officer or employee separated from service as a result of the abolition of PHISUCOM effected under this Executive Order shall, if entitled under the laws then in force, receive the retirement and other benefits accruing thereunder. In case of lack of funds to support the retirement and separation pay of affected officers and employees of the Philippine Sugar Commission, a special fund shall be set aside by the Ministry of Budget for this purpose.

Assets and records that, as determined by the Sugar Regulatory Administration, are required in its operation are hereby transferred to the Sugar Regulatory Administration.

Although the Philippine Sugar Commission is hereby abolished, it shall nevertheless continue as a juridical entity for three (3) years after the time when it would have been so abolished. For the purpose of prosecuting and defending suits by or against it and enabling it to settle and close its affairs, to dispose of and convey its property and to distribute its assets, but not for the purpose of continuing the functions for which it was established, under the supervision of the Sugar Regulatory Administration.

SECTION 14. Repeal or Modification. – Any provision of law, decree, executive orders or other issuances inconsistent with the Executive Order are hereby repeal or modified accordingly.

SECTION 15. Severability. – If any provision of this Executive Order shall be held unconstitutional, the other provisions shall not be affected.

SECTION 16. Effectivity. – This Executive Order shall take affect immediately.

DONE in the City of Manila, this 28th day of May, in the year of Our Lord, Nineteen Hundred and Eighty-Six.

(Sgd.) **CORAZON C. AQUINO**

By the President:
(Sgd.) **JOKER P. ARROYO**
Executive Secretary

Source: **Presidential Management Staff**

Office of the President of the Philippines. (1986). *[Executive Order Nos.: 1 - 170]*. Manila: Presidential Management Staff.

MALACAÑANG
MANILA

EXECUTIVE ORDER NO. 19
ENHANCING THE INDEPENDENCE OF THE COMMISSION ON AUDIT

WHEREAS, Article XII of the 1973 Constitution, providing for an independent Commission on Audit, among others, was adopted in the Provisional Constitution pursuant to Proclamation No. 3 dated March 25, 1986;

WHEREAS, in order to enable the Commission on Audit to discharge effectively its powers and functions, it is necessary to enhance its independence;

NOW, THEREFORE, I, CORAZON C. AQUINO, President of the Philippines, do hereby order:

SECTION 1. There shall be a total reorganization of the Commission on Audit; provided that the reorganization be done within the framework of the Commission's appropriations and in coordination with the Ministry of the Budget; and provided further that the separation/replacement of personnel in connection therewith be done consistent with Executive Order No. 17 dated May 28, 1986.

SEC. 2. The cost of audit services rendered to government agencies by the Commission on Audit shall be covered by fund sources provided in Section 24 of P.D. 1445 which shall be incorporated in the national budget and included in the Annual General Appropriations Law; provided that in the case of government-owned and/or controlled corporations and its subsidiaries, the cost of audit services shall be fixed at an amount equivalent to one fourth of one per centum (¼ of 1%) of the operating budgets of these corporations/subsidiaries.

This amount shall be remitted in six equal installments every sixty days (the first installment to fall on January 15 of every calendar year) to the National Treasury by each government corporation/subsidiary concerned; provided, that if the operating budgets of the government corporation/subsidiary are reduced during the year as a result of operating fund shortfall or reduction of its operations, the cost of audit services previously determined shall be reduced proportionately.

It shall be the responsibility of the highest official of a government owned or controlled corporation and its subsidiaries to furnish the Commission on Audit a duly certified copy of the operating budget of his corporation one month before the onset of a new calendar year.

Any official or employee who refuses or fails to submit a certified copy of the operating budget to the Commission as required, or fails to remit the amount due for the cost of audit services, shall be held liable for neglect of duty, and shall be subject to disciplinary or administrative action under the existing rules and regulations of the Civil Service Commission.

SEC. 3. All allowances and fringe benefits granted by government owned or controlled corporations to the personnel of the Commission's auditing units in such corporations shall be directly defrayed by the Commission from its own appropriation pursuant to Section 31 of the General Provisions of the General Appropriations Act, otherwise known as Batas Pambansa Bilang 879.

SEC. 4. Appropriations authorized for the Commission on Audit shall be automatically released. The quarterly release of funds by the Ministry of the Budget and Management to the Commission shall be based on the latter's operating budget.

SEC. 5. Funds needed to implement this order shall be drawn from salary lapses and savings of the Commission on Audit. Subsequent funding requirements shall be incorporated in the annual appropriations of the Commission.

SEC. 6. All orders, issuances, rules and regulations or any part thereof which are inconsistent with the provision of this Order are hereby repealed and/or modified accordingly

SEC. 7. This Order shall take effect immediately.

Done in the City of Manila, this 19th day of June, in the year of Our Lord, nineteen hundred and eighty-six.

(Sgd.) **CORAZON C. AQUINO**
President of the Philippines

By the President:

Source: **Presidential Management Staff**

Office of the President of the Philippines. (1986). *[Executive Order Nos.: 1 - 170]*. Manila: Presidential Management Staff.

MALACAÑANG
MANILA

EXECUTIVE ORDER NO. 20
PLACING THE OFFICES, AGENCIES AND CORPORATIONS ATTACHED TO THE MINISTRY OF ENERGY UNDER THE ADMINISTRATIVE SUPERVISION OF THE OFFICE OF THE PRESIDENT.

WHEREAS, there in a need to place all the offices, agencies and corporations attached to the Ministry of Energy under the administrative supervision of one office in the meantime that the Presidential Commission on Government Reorganization is still studying the over-all structure of the government.

WHEREAS, the President of the Philippines is the Chief Executive of the government and as such the Office of the President exercises administrative supervision and control over all the various ministries.

NOW, THEREFORE, I, CORAZON C. AQUINO, President of the Philippines, by virtue of the powers vested in me by the fundamental law of the land, do hereby order:

SECTION 1. All the offices, agencies as well as corporations attached to the Ministry of Energy are hereby placed under the administrative supervision of the Office of the President until such time when a determination where to place said offices, agencies and corporations shall have been made.

SECTION 2. This Executive Order shall take effect immediately.

Done in the City of Manila, this 19th day of June, in the year of Our Lord, nineteen hundred and eighty-six

(Sgd.) **CORAZON C. AQUINO**
President of the Philippines

By the President:
(Sgd.) **FULGENCIO S. FACTORAN, JR.**
Deputy Executive Secretary

Source: **Presidential Management Staff**

Office of the President of the Philippines. (1986). *[Executive Order Nos.: 1 - 170]*. Manila: Presidential Management Staff.

MALACAÑANG
MANILA

EXECUTIVE ORDER NO. 21
AMENDING SECTION 128 OF THE NATIONAL INTERNAL REVENUE CODE, AS AMENDED, BY REVISING THE SPECIFIC TAX RATES ON PETROLEUM PRODUCTS.

WHEREAS, the recent rollbacks in the prices of petroleum products have resulted in a substantial loss of revenue due to the reduction in the ad valorem tax collections;

WHEREAS, considering the expected budgetary deficits for the current year, it becomes imperative to revise the specific tax rates on these products to recoup the aforecited revenue loss;

NOW, THEREFORE, I, CORAZON C. AQUINO, President of the Republic of the Philippines, do hereby direct and order that:

SECTION 1. Section 128 of the National Internal Revenue Code, as amended, is hereby further amended to read in its entirety as follows:

> "SEC. 128. Manufactured Oils and Other Fuels. There shall be collected on refined and manufactured mineral oils and motor fuels, the following excise taxes which shall be attached to the articles hereunder enumerated as soon as they are in existence as such:
>
> "(a For products subject to specific tax only:
>
> "(1 Lubricating oils, per liter of volume capacity, four pesos and fifty centavos;
> '(2) Processed gas, per liter of volume capacity, five centavos;
> "(3 Greases, waxes and petrolatum, per kilogram, four pesos and fifty centavos; and
>
> On denatured alcohol to be used for motive power, per liter of volume capacity, five centavos: Provided, That unless otherwise provided by special laws, if the denatured alcohol is mixed with gasoline, the excise tax on which has already been paid, only the alcohol content shall be subject to the tax herein prescribed. For purposes of this subsection, the removal of denatured alcohol of not less than one hundred eighty degrees proof (ninety per cent absolute alcohol) shall be deemed to have been removed from motive power, unless shown otherwise.

"(b) For products subject to both specific and ad valorem taxes:

		Specific	Ad Valorem
1)	Naphtha, regular gasoline and similar product of distillation	₱2.604/liter	
"(2)	Premium and aviation gasoline	₱2.489/liter	
"(3	Kerosene	₱ .628/liter	
"( )	Fuel oil commercially known as diesel fuel oil, and on similar fuel oils, having more or less the same generating capacity, and liquefied petroleum gas used for motive power	₱ .523/liter	
"(5	Thinners and solvents	₱2.472/liter	
"(6)	Liquefied petroleum gas except those used for motive power	₱ .697/liter or .247/kilogram	
"(7)	Aviation Turbo Fuel	₱2.5671/liter	
"(8	Fuel oil commercially known as bunker fuel oil and oils having more or less the same generating power	₱ .511/liter	7%
"(9	Asphalts	₱ .581/liter	14%

"The ad valorem tax shall be based on the wholesale posted price, net of specific and domestic ad valorem taxes on the oil products as approved by the Board of Energy."

SEC. 2. This Executive Order shall take effect beginning May 22, 1986.

Done in the City of Manila, this 19th day of June, in the year of Our Lord, nineteen hundred and eighty-six.

(Sgd.) **CORAZON C. AQUINO**
President of the Philippines

By the President:
(Sgd.) **JOKER P. ARROYO**
Executive Secretary

Source: **Presidential Management Staff**

Office of the President of the Philippines. (1986). *[Executive Order Nos.: 1 - 170]*. Manila: Presidential Management Staff.

MALACAÑANG
MANILA

EXECUTIVE ORDER NO. 22
FURTHER AMENDING CERTAIN PROVISIONS OF THE NATIONAL INTERNAL REVENUE CODE, AS AMENDED

WHEREAS, there is an urgent need to rationalize the imposition of excise taxes;
WHEREAS, there is also a need to simplify the methods of computation and collection thereof;
NOW, THEREFORE, I, CORAZON C. AQUINO, President of the Republic of the Philippines, do hereby order:

SECTION 1. – Section 109 of the National Internal Revenue Code, as amended, is hereby further amended to read as follows:

> "SEC. 109. – Articles subject to excise taxes. – Excise taxes apply to articles manufactured or produced in the Philippines for domestic sale or consumption or for any other disposition and to things imported. In case of importations, excise taxes shall be in addition to the customs duties, if any.
>
> For purposes of this Title, excise taxes herein imposed and based on weight or volume capacity or any other physical unit of measurement shall be referred to as "specific tax" and an excise tax herein imposed and based on selling price or other specified value of the article shall be referred to as "ad valorem tax".

SECTION 2. – Section 110 of the National Internal Revenue Code, as amended, is hereby further amended by adding the following paragraph:

> "(d) Credit for excise tax on articles actually exported. – When articles locally produced or manufactured are removed and actually exported without returning to the Philippines, whether so exported in their original state or as ingredients or parts of any manufactured articles or products, any excise tax paid thereon shall be credited or refunded upon submission of the proof of actual exportation and upon receipt of the corresponding foreign exchange."

SECTION 3. – Section 117 of the National Internal Revenue Code is hereby amended to read as follows:

> "SEC. 117. Removal of spirits under bond. – Spirits requiring rectification may be removed from the place of production to some other establishment for the purpose of rectification without the prepayment of the excise tax: Provided, the distiller removing such spirits and the rectifier receiving them shall file with the Commissioner their joint bond conditioned upon the payment by the rectifier of the excise tax due on the finished product: Provided, further, that in cases where alcohol has already been rectified either by original and continuous

distillation or by redistillation is further re-rectified, no loss for rectification and handling shall be allowed and the rectifier thereof shall pay the specific tax due on such losses."

SECTION 4. – Section 124 of the National Internal Revenue Code, as amended, is hereby further amended to read as follows:

"SEC. 124. Ad Valorem tax on fermented liquors. – There shall be levied, assessed and collected an ad valorem tax equivalent to fifty (50%) percent of the brewer's wholesale selling price, excluding the ad valorem tax imposed under this Section, on beer, lager beer, ale, porter and other fermented liquors except tuba, basi, tapuy and similar domestic fermented liquors, but in no case shall the said ad valorem tax be less than ₱1.00 per regular 320 cc. bottle."

SECTION 5. – Section 126 of the National Internal Revenue Code, as amended, is hereby further amended to read as follows:

"SEC. 126. Cigars and Cigarettes. – (a) Cigars. – There shall be levied, assessed and collected an ad valorem tax of fifteen (15%) percent of the manufacturer's or importer's registered wholesale price including the ad valorem tax imposed under this Section on all cigars manufactured in or imported into the Philippines.

"(b) Cigarettes packed in thirties. – There shall be levied, assessed and collected an ad valorem tax of twenty (20%) percent of the manufacturer's registered wholesale price including the ad valorem tax imposed under this Section on all cigarettes packed in thirties: Provided however, that the rate prescribed in this paragraph shall be increased to twenty-five (25%) percent beginning July 1, 1987.

"(c) Cigarettes packed in twenties. – There shall be levied, assessed and collected an ad valorem tax at the rates prescribed below based on the manufacturer's registered wholesale price, including the ad valorem tax herein imposed on all cigarettes packed in twenties:

(1) On locally manufactured cigarettes bearing a foreign brand, fifty (50%) percent beginning July 1, 1986 and sixty (60%) percent beginning January 1, 1987; Provided, that this rate shall apply regardless of whether or not the right to use or title to the foreign brand was sold or transferred by its owner to the local manufacturer. Whenever it has to be determined whether or not a cigarette is a foreign brand, the listing of brands manufactured in foreign countries appearing in the current World Tobacco Directory shall govern.

(2) On other locally manufactured cigarettes forty (40%) percent beginning July 1, 1986 and fifty (50%) percent beginning January 1, 1987.

Duly registered or existing brands of cigarettes packed in twenties shall not be allowed to be packed in thirties.

Where the existing registered wholesale price, including tax, of cigarettes packed in 20s does not exceed ₱3.60 per pack, the rate for the cigarettes packed in 30s shall apply.

"(d) Imported cigarettes. – If the cigarettes are of foreign manufacture, regardless of the retail price and contents per pack, there shall be levied, assessed and collected an ad valorem tax of seventy-five (75%) percent of the importer's wholesale price including the tax imposed in this paragraph.

"(e) Printing of rates of tax. – There shall be printed on all packs of locally manufactured cigarettes the amount of the ad valorem tax per pack, except those to be used as samples. No cigarettes shall be allowed to be removed from any factory unless this requirement has been complied with."

SECTION 6. All orders, issuances, rules and regulations or any part thereof which are inconsistent with the provisions of this Executive Order are hereby repealed or modified accordingly.

SECTION 7. This Executive Order shall take effect on July 1, 1986.

Done in the City of Manila, this 25th day of June, in the year of Our Lord, nineteen hundred and eighty-six.

(Sgd.) **CORAZON C. AQUINO**
President of the Philippines

By the President
(Sgd.) **JOKER P. ARROYO**
Executive Secretary

Source: **Presidential Management Staff**

Office of the President of the Philippines. (1986). *[Executive Order Nos.: 1 - 170].* Manila: Presidential Management Staff.

MALACAÑANG
MANILA

EXECUTIVE ORDER NO. 23
GRANTING THE PUBLIC FRANKING PRIVILEGES ON ALL COMMUNICATIONS BEING SENT BY THEM TO THE CONSTITUTIONAL COMMISSION.

WHEREAS, there is need for an easy and inexpensive way by which communications from the public can reach the Constitutional Commission as embodied in Resolution No. 3 of the Commission.

NOW, THEREFORE, I, CORAZON C. AQUINO, President of the Philippines, by virtue of the powers vested in me by law, do hereby grant the public franking privileges on all communications being sent by them on or before August 15, 1986 to the Constitutional Commission, its officers and members, relative to the drafting of the new Constitution.

The Constitutional Commission, its officers, and members shall likewise be entitled to franking privileges in the discharge of their duties.

This Executive Order shall take effect immediately; and the Postmaster General shall issue the corresponding guidelines to implement this Executive Order upon receipt hereof.

Done in the City of Manila, this 26th day of June, in the year of Our Lord, nineteen hundred and eighty-six.

(Sgd.) **CORAZON C. AQUINO**
President of the Philippines

By the President:
(Sgd.) **JOKER P. ARROYO**
Executive Secretary

Source: **Presidential Management Staff**

Office of the President of the Philippines. (1986). *[Executive Order Nos.: 1 - 170]*. Manila: Presidential Management Staff.

MALACAÑANG
MANILA

EXECUTIVE ORDER NO. 24
REPEALING PRESIDENTIAL DECREE NO. 1193, AS AMENDED, AND LETTER OF INSTRUCTIONS NO. 595, AS AMENDED, AND ACCORDINGLY REVOKING AND CANCELLING THE EXCLUSIVE AUTHORITY GRANTED IN FAVOR OF THE TOURIST DUTY-FREE SHOPS, INC.

WHEREAS, Presidential Decree No. 1193, as amended, and Letter of Instructions No. 595, as amended, granted to Tourist Duty-Free Shops, Inc., among others, the exclusive authority for twenty-five (25) years, to establish, operate and maintain duty and tax-free stores at all international airports and seaports, as well as at selected hotels, tourist resorts and commercial or trading centers throughout the country;

WHEREAS, under Letter of Instructions No. 595, the authority granted in favor of the Tourist Duty Free Shops, Inc. shall be exclusive for a period of twenty-five (25) years unless sooner revoked or cancelled by the President of the Philippines;

WHEREAS, the authority granted to Tourist Duty-Free Shops, Inc., is moreover in the nature of a franchise which is subject to amendment, alteration or repeal when the public interest so requires;

NOW, THEREFORE, I, CORAZON C. AQUINO, President of the Philippines, do hereby order:

SECTION 1. Presidential Decree No. 1193, as amended, and Letter of Instructions No. 595, as amended, are hereby repealed. Accordingly, the exclusive authority granted in favor of the Tourist Duty Free Shops, Inc. under the aforementioned laws is hereby revoked and cancelled.

SECTION 2. This Executive Order shall take effect immediately.

DONE in the City of Manila, this 27th day of June, in the year of Our Lord, Nineteen Hundred and Eighty-Six.

(Sgd.) **CORAZON C. AQUINO**
President of the Philippines

By the President:
(Sgd.) **JOKER P. ARROYO**
Executive Secretary

Source: **Presidential Management Staff**

Office of the President of the Philippines. (1986). *[Executive Order Nos.: 1 - 170]*. Manila: Presidential Management Staff.

MALACAÑANG
MANILA

EXECUTIVE ORDER NO. 25
GRANTING EXEMPTION FROM THE PAYMENT OF THE TRAVEL TAX TO FILIPINO OVERSEAS CONTRACT WORKERS

WHEREAS, Filipino overseas contract workers have been a major source of foreign exchange for the country;

WHEREAS, already saddled by the expenses attendant to their job applications, these workers are further financially burdened by the travel tax imposed on them;

WHEREAS, considering the contribution of these workers to the economic development of the country, it is only proper and just that the government ease them of the said additional financial burden;

NOW, THEREFORE, I, CORAZON C. AQUINO, President of the Philippines, do hereby order:

SECTION 1. Filipino overseas contract workers with approved employment contracts and duly certified by the Ministry of Labor and Employment are hereby exempted from the payment of the travel tax under Presidential Decree No. 1183, as amended.

SECTION 2. All laws, executive orders, rules and regulations, issuances or parts thereof inconsistent with this Executive Order are repealed or modified accordingly.

SECTION 3. This Executive Order shall take effect immediately.

Done in the City of Manila, this Ist day of July, in the year of Our Lord, nineteen hundred and eighty-six.

(SGD.) **CORAZON C. AQUINO**
President of the Philippines

By the President:
(SGD.) **JOKER P. ARROYO**
Executive Secretary

Source: **Presidential Management Staff**

Office of the President of the Philippines. (1986). *[Executive Order Nos.: 1 - 170]*. Manila: Presidential Management Staff.

MALACAÑANG
MANILA

EXECUTIVE ORDER NO. 26
ABOLISHING THE EXPORT DUTIES ON ALL EXPORT PRODUCTS, EXCEPT LOGS, IMPOSED UNDER SECTION 514 OF THE TARIFF AND CUSTOMS CODE, AS AMENDED

WHEREAS, the current economic program calls for the promotion of exports;

WHEREAS, in pursuance of the current economic program, it is necessary to abolish export duties presently imposed under Section 514 of the Tariff and Customs Code, as amended, except upon logs;

NOW, THEREFORE, I, CORAZON C. AQUINO, President of the Philippines, do hereby order:

SECTION 1. Export duties imposed upon all export products under Section 514 of the Tariff and Customs Code, as amended, are hereby abolished, except the export duty on logs which shall continue to be imposed at twenty (20%) per cent of the gross F.O.B. value at the time of shipment based on the prevailing rate of exchange.

SECTION 2. All laws, rules and regulations, issuances or parts thereof which are inconsistent with this Executive Order are hereby repealed or modified accordingly.

SECTION 3. This Executive Order shall take effect immediately.

Done in the City of Manila, this 1st day of July, in the year of Our Lord, nineteen hundred and eighty-six.

(Sgd.) **CORAZON C. AQUINO**
President of the Philippines

By the President:
(Sgd.) **JOKER P. ARROYO**
Executive Secretary

Source: **Presidential Management Staff**

Office of the President of the Philippines. (1986). *[Executive Order Nos.: 1 - 170]*. Manila: Presidential Management Staff.

MALACAÑANG
MANILA

EXECUTIVE ORDER NO. 27
EDUCATION TO MAXIMIZE RESPECT FOR HUMAN RIGHTS

WHEREAS, the past regime was characterized by numerous violations of human rights;

WHEREAS, to gain greater respect for human rights and to deter violations thereof, there is an urgent need to educate the people about these rights, the serious consequences of,, and the avenues of redress from violations thereof;

WHEREAS, the Presidential Committee on Human Rights, primarily tasked to assist the President in the discharge of her duty to respect and foster human rights, has recommended that the system of formal and informal education be utilized for the aforesaid purposes;

NOW, THEREFORE, I, CORAZON C. AQUINO, President of the Philippines, do hereby order:

1. The Ministry of Education, Culture and Sports shall include the study and understanding of human rights in the curricula of all levels of education and training in all schools in the country, adapting the scope and treatment of the subjects or courses on human rights to the respective educational levels. It shall likewise initiate and maintain regular programs and special projects to provide venues for information and discussion of human rights including the utilization of informal education and other means to stress the importance of respect therefor.

2. The Civil Service Commission shall include in the qualifying examinations for government service basic knowledge on human rights.

3. In the formulation and creation of courses or subjects on human rights to be included in the school curricula or other educational or training programs to implement and carry out the directives herein including the writing, printing and publication of textbooks and other reading materials relative thereto, the ministry or agencies concerned shall consult and coordinate with the Presidential Committee on Human Rights and shall at all times emphasize the following principles on human rights, and the laws and rules governing the same, to wit:

a) All persons are born with human dignity and inherent rights. No one losses his dignity and these rights regardless of what he or she may have done and no matter what his or her political conviction may be.
b) Torture, other cruel and degrading treatment or punishment, unexplained or forced disappearances and extra-legal executions (Salvaging) are crimes, punishable by Philippine laws under any and all circumstances
c) Anyone may, by himself or on behalf of a person arrested or detained, questions the legality of the arrest and detention before the appropriate court.
d) The Bill of Rights as adopted in toto in the Provisional Constitution under Proclamation No. 3 dated March 25, 1986 or in the New Constitution when ratified, including the jurisprudential ramifications thereof.
e) Prisoners shall be treated with humanity, Juvenile prisoners shall be kept, if the jail will admit of it, in apartments separate from those containing prisoners of more than eighteen years of age; and the different sexes shall be kept apart. The visits of parents and friends who desire to

exert a moral influence over prisoners shall at all reasonable times be permitted under proper regulations.

f) Convicted prisoners may be assigned to work suitable to their age, sex and physical condition.
g) Articles 124 to 131, 235, 245, 267 to 269 of the Revised Penal Code.
h) Republic Act No. 857.
i) Rules 113 and 126 of the 1985 Rules on Criminal Procedure.
j) The Rules for the Treatment of Prisoners as adopted by the Department (now Ministry) of Justice on January 7, 1959; the Ministry of Justice Manual on the general rules, policies and operating principles adhered to in the prison service.

4. If found appropriate and practicable by the Ministry of Education, Culture and Sports, after considering the needs and capabilities of the students in the different educational levels, subjects or courses dealing with international conventions, agreements, declarations or covenants on human rights which were ratified by the Philippines or to which it is a signatory, shall be included in the curricula.

5. This Order shall be initially implemented within the framework of the budget of the MECS for 1986. As far as practicable, the funds required therefor shall be drawn from its appropriations for policy formulation, program planning, standard development and instructional materials developments.

The Ministry of Budget and Management, after consultation with the MECS, shall recommend to the President for her approval the necessary changes or modifications in the expenditure items in the 1986 budget of the MECS to accommodate the expenditures to be incurred in the implementation hereof.

Subsequent expenditures in the implementation hereof for the succeeding years shall be accordingly incorporated in the annual budget of the MECS.

6. This Executive Order shall take effect immediately.

Done in the City of Manila, this 4th day of July, in the year of Our Lord, nineteen hundred and eighty-six.

(SGD.) **CORAZON C. AQUINO**
President of the Philippines

By the President:
(SGD.) **JOKER P. ARROYO**
Executive Secretary

Source: **Presidential Management Staff**

Office of the President of the Philippines. (1986). *[Executive Order Nos.: 1 - 170].* Manila: Presidential Management Staff.

MALACAÑANG
MANILA

EXECUTIVE ORDER NO. 28
FURTHER AMENDING CERTAIN PROVISIONS OF REPUBLIC ACT NO. 1161, AS AMENDED, OTHERWISE KNOWN AS THE SOCIAL SECURITY LAW.

WHEREAS, paragraph (c) of Sec. 4 of Republic Act No. 1161, as amended, authorizes the Social Security Commission to provide for the feasible increases in benefits and the addition of new ones under such rules and regulations as the Commission may adopt subject to the approval of the President, provided that the actuarial stability or solvency of the Reserve Fund shall be guaranteed, and provided further that such increases in benefits shall not require any increase in contribution;

WHEREAS, the benefit structure for the low income group must constantly be upgraded to keep pace with the changing patterns of the social and economic development;

WHEREAS, actuarial studies conducted by the Social Security System show that certain income benefits provided for under Republic Act No. 1161, as amended, can be increased without increasing the contributions and without adversely affecting the actuarial stability or solvency of the Social Security System Reserve Fund;

WHEREAS, an employer-member of the Social Security System who fails to remit the monthly contributions when they fall due is required to pay in addition to the contributions, a penalty of three percent (3%) per month from the date the contributions fall due, until they are paid;

WHEREAS, the imposition of a three percent (3%) penalty per month has added to the burden of the employers inasmuch as after sometime the amount of penalty could even be more than the contributions due;

NOW, THEREFORE, I, CORAZON C. AQUINO, President of the Philippines, do hereby order:

SECTION 1. Section 12(b) of Republic Act No. 1161, as amended, is hereby further amended to read as follows:

> "SEC. 12(b). The monthly pension shall in no case be less than two hundred pesos nor paid in an aggregate amount of less than sixty times the monthly pension except to a secondary beneficiary."

SEC. 2. Section 13-B of Republic Act No. 1161, as amended, is hereby further amended to read as follows:

> "SEC. 13-B. Funeral Benefit – A funeral grant of one thousand five hundred pesos shall be paid to help defray the cost of funeral expenses upon the death of a covered member, permanently totally disabled employee or retiree

SEC. 3. Paragraph (a) of Section 14 and No. (1) thereof, of Republic Act No. 1161, as amended, are hereby further amended to read as follows:

"SEC. 14. Sickness Benefit – (a) A covered employee who has paid at least three monthly contributions in the twelve-month period immediately preceding the semester of sickness and is confined for more than three days in a hospital or elsewhere with the Commission's approval, shall, for each day of compensable confinement or fraction thereof, be paid by his employer, or the SSS, if such person is unemployed, an allowance equivalent to ninety percent of his average daily salary credit, subject to the following conditions:

(1) In no case shall the total amount of such daily allowance be less than four pesos nor exceed twenty five pesos nor paid longer than one hundred twenty days in one calendar year; nor shall any unused portion of the one hundred twenty days of sickness benefit granted under this section be carried forward and added to the total number of compensable days allowable in the subsequent year;"

SEC. 4. Section 22(e) of Republic Act No. 1161, as amended, is hereby further amended to read as follows:

"SEC. 22(e). For purposes of this section, any employer who is delinquent or has not remitted all the monthly contributions due and payable may within six (6) months from the issuance of this Executive Order remit said contributions to the SSS and submit the corresponding collection lists therefor without incurring the prescribed three percent penalty. In case the employer fails to remit to the SSS the said contributions within the six months grace period, the penalty of three percent shall be imposed from the time the contributions first became due as provided in paragraph (a) of this section."

SEC. 5. All laws, orders, rules and regulations and other issuances or parts thereof inconsistent with this Executive Order are hereby repealed or modified accordingly.

SEC. 6. This Executive Order shall take effect immediately except with respect to the increase in benefits which will take effect on August 1, 1986.

DONE in the City of Manila, this 16th day of July, in the year of Our Lord, nineteen hundred and eighty-six.

(Sgd.) **CORAZON C. AQUINO**
President of the Philippines

By the President
(Sgd.) **JOKER P. ARROYO**
Executive Secretary

Source: **Presidential Management Staff**

Office of the President of the Philippines. (1986). *[Executive Order Nos.: 1 - 170]*. Manila: Presidential Management Staff.

MALACAÑANG
MANILA

EXECUTIVE ORDER NO. 29
REPEALING PRESIDENTIAL DECREE NO. 33

WHEREAS, Presidential Decree No. 33, issued under martial law purportedly to curb the alleged campaign of vilification against the political institutions of our country, was in fact a measure that abridged the freedom of expression of the people;

WHEREAS, notwithstanding the lifting of martial law and the repeal of the National Security Code where said decree appears to be incorporated, there are still doubts as to whether or not Presidential Decree No. 33 is in force and effect;

WHEREAS, the absence of martial law, the repeal of the National Security Code and the evident inconsistency of said decree with Proclamation No. 3 dated March 25, 1986, more than suffice to render said decree invalid without expressly repealing it;

WHEREAS, to remove all doubts on its invalidity, there is a need to expressly repeal said decree;

NOW, THEREFORE, I, CORAZON C. AQUINO, President of the Philippines, do hereby order:

SECTION 1. Presidential Decree No. 33 entitled: "PENALIZING THE PRINTING, POSSESSION, DISTRIBUTION AND CIRCULATION OF CERTAIN LEAFLETS, HANDBILLS AND PROPAGANDA MATERIALS AND THE INSCRIBING OR DESIGNING OF GRAFFITI", is hereby repealed.

SEC. 2. This Order shall take effect immediately

Done in the City of Manila, this 16th day of July, in the year of Our Lord, nineteen hundred and eighty-six.

(Sgd.) **CORAZON C. AQUINO**
President of the Philippines

By the President
(Sgd.) **JOKER P. ARROYO**
Executive Secretary

Source: **Presidential Management Staff**

Office of the President of the Philippines. (1986). *[Executive Order Nos.: 1 - 170]*. Manila: Presidential Management Staff.

MALACAÑANG
MANILA

EXECUTIVE ORDER NO. 30
RECALLING THE FRANCHISE GRANTED TO THE MANILA INTERNATIONAL PORT TERMINALS, INC. (MIPTI) TO OPERATE AND MANAGE THE INTERNATIONAL PORT COMPLEX AT NORTH HARBOR, MANILA.

WHEREAS, the Manila International Port Complex (MIPC) at North Harbor, Manila was constructed and developed pursuant to P.D. No. 1284 promulgated on 16 January 1978, and in response to the increasing need of international container trade;

WHEREAS, by virtue of P. D. No. 634 promulgated on 07 January 1975, as amended by P.D. No. 1284, the Manila International Port Terminals, Inc. (MIPTI) was granted a franchise for twenty-five (25) years, effective from 16 January 1978 to operate and manage all facilities, container terminals, warehouses, transit sheds, cargo handling equipment and other structures at MIPC and to render cargo handling services to shipping lines and others requiring the use of said facilities;

WHEREAS, in implementation of its franchise, MIPTI entered into a Memorandum of Agreement with the Philippine Ports Authority (PPA) on 01 April 1980, which spelled out the terms and conditions under which MIPTI shall render efficient services and violations of which will warrant the suspension or revocation of its franchise;

WHEREAS, under Section 4(c) of P.D. No. 1284 and Section 14.01 of the aforesaid agreement, PPA can, upon investigation or showing of violation thereof by MIPTI, recommend the suspension or revocation of its franchise to the President;

WHEREAS, review of MIPTI's compliance to its contract shows that it has committed substantial violations thereof and its services have consequently deteriorated to the prejudice of the international shipping, other port users and the general public;

WHEREAS, it is imperative that the operations and management of the Manila International Port Complex (MIPC) and the provisions of the cargo handling and related services thereat should be improved;

WHEREAS, PPA can undertake on its own, the management and operations of the MIPC and the cargo handling services thereat pursuant to Section 6a(v) (x) of P.D. No. 857 promulgated on 23 December 1975;

WHEREFORE, I, CORAZON C. AQUINO, President of the Republic of the Philippines, by virtue of the powers vested in me by the Constitution and the law, do hereby order the immediate recall of the franchise granted to the Manila International Port Terminals, Inc. (MIPTI) and authorize the Philippine Ports Authority (PPA) to take over, manage and operate the Manila International Port Complex at North Harbor, Manila and undertake the provision of cargo handling and port related services thereat, in accordance with P.D. No. 857 and other applicable laws and regulations.

Done in the City of Manila, this 19th day of July, in the year of Our Lord, nineteen hundred and eighty-six.

(Sgd.) **CORAZON C. AQUINO**
President of the Philippines

By the President:
(Sgd.) **JOKER P. ARROYO**
Executive Secretary

Source: **Presidential Management Staff**

Office of the President of the Philippines. (1986). *[Executive Order Nos.: 1 - 170]*. Manila: Presidential Management Staff.

MALACAÑANG
MANILA

EXECUTIVE ORDER NO. 31
GRANTING COMPENSATION ADJUSTMENTS TO GOVERNMENT PERSONNEL

WHEREAS, it is necessary that the salaries of government employees be adjusted to help them cope with the increasing cost of living;

WHEREAS, the economic plight of public school teachers should be given special attention particularly so when they are in the forefront of the educational thrust of the government;

NOW, THEREFORE, I, CORAZON C. AQUINO, President of the Philippines, by virtue of the powers vested in me by law, do hereby order and direct:

1.0 The increase in basic salary of government personnel by two (2) salary steps (approximately equivalent to ten percent), excluding:

1.1 government-owned and controlled corporations;
1.2 agencies adopting the OP Pay Plan (Annex 1);
1.3 critical or OCPC-exempt agencies which have their own special pay plans (Annex 2);
1.4 positions allocated to upgraded classes in the National Compensation and Position Classification Plans in recently reorganized agencies and whose staffing patterns have been approved only in 1985.
1.5 positions in government agencies given special salary increases under E.O. 1059, E.O. 1060 and E.O. 1065 for lawyers, allied medical personnel and postal workers, respectively, and under specific Presidential approval; and
1.6 Career Executive Service Officers (CESO) and equivalent and higher positions for whom a separate pay plan will be submitted by the Ministry of Budget and Management.

2.0 An additional cost-of-living allowance (COLA) based on their adjusted salary levels, as follows:

Salary Level	Additional COLA Per Month
P2,500 and below	P150
P2,501 to P3,000	50

3.0 The following shall be excluded from the additional COLA:

3.1 Employees of government-owned and controlled corporations; and
3.2 Employees of agencies who are already receiving cash emoluments other than the standard basic pay and allowances under the National Compensation and Position Classification Plan.

4.0 Employees of excluded agencies whose total compensation may fall below those of their counterparts in the covered agencies shall be given such salary and COLA increases as may be necessary to raise their total compensation equal to the adjusted salaries and COLAs of equivalent positions in the covered agencies as may be determined by the MBM. In no case, however, should such increases be more than the maximum amounts authorized under 1.0 and 2.0 above.

5.0 An additional two-step increase (approximately ten percent) in the basic pay of national teachers and SUC faculty. In effect, teachers will actually receive a total of 4-step increase or approximately 20% in basic pay (1.0 + 5.0).

6.0 An adjustment of the salaries and cost-of-living allowances of local teachers to bring them to the level of national teachers as adjusted under 2.0 and 5.0 above.

SOURCE OF FUNDS

7.0 Funds needed to implement this Order with respect to National Government personnel shall be taken from:

7.1 Salary lapses and other personal services savings of the ministry/bureau/office/agency/state university/college concerned as a first priority funding source.

7.2 The lump sum appropriation for salary increases incorporated in the budgets of National Government agencies and offices.

7.3 Funds re-aligned from less-essential and non-essential government activities and those reallocated from other low-priority programs of the Government.

7.4 Any remaining deficiency shall be covered by the Salary Adjustment Fund authorized in CY 1986 General Appropriations Act.

8.0 Funds for the salary and COLA adjustment of local teachers shall be charged against the internal revenue allotments to Local Government Units and available local government funds.

9.0 Local government units are likewise authorized to grant the same two-step salary increase and additional COLA provided herein, subject to availability of local government funds and to the rules and conditions to be prescribed by the Joint Commission on Local Government Personnel Administration.

10.0 The Ministry of Budget and Management is hereby directed to conduct a study to review, upgrade and revise the compensation structure of Career Executive Service Officers (CESOs) and equivalent and higher positions consistent with the policy to provide adequate compensation commensurate with their responsibilities and taking into consideration comparable levels in the private sector.

11.0 The rules and regulations to implement this Order shall be formulated and issued by the Ministry of Budget and Management.

EFFECTIVITY

12.0 This Executive Order shall take effect on July 1, 1986.

DONE in the City of Manila, this 23rd day of July, in the Year of Our Lord, Nineteen hundred and eighty-six.

(Sgd.) **CORAZON C. AQUINO**
President of the Philippines

By the President:
(Sgd.) **JOKER P. ARROYO**
Executive Secretary

Source: **Presidential Management Staff**

Office of the President of the Philippines. (1986). *[Executive Order Nos.: 1 - 170].* Manila: Presidential Management Staff.

MALACAÑANG
MANILA

EXECUTIVE ORDER NO. 32
DIRECTING THE ESTABLISHMENT OF A PROGRAM FOR THE CONVERSION OF PHILIPPINE EXTERNAL DEBT INTO EQUITY INVESTMENTS

WHEREAS, it has come to the attention of the Government that Philippine external debt obligations owed to commercial banks or financial institutions are being traded in the secondary market;

WHEREAS, long-term equity investments in Philippine enterprises are essential to economic developments;

WHEREAS, the magnitude of the external debt of the Philippines is imposing a heavy burden on the country's resources;

NOW, THEREFORE, I, CORAZON C. AQUINO, President of the Philippines, do hereby order:

SECTION 1. Declaration of Policy. It is hereby declared to be the policy of the Government (a) to stimulate long-term equity investments in Philippine enterprises by both foreign investors and Filipinos; (b) to encourage the repatriation to the Philippines of foreign currency holdings of Philippine residents held abroad for the purpose of capitalizing equity investments in the Philippines; (c) to provide additional incentives for investments in designated sectors of the Philippine economy that require prompt revitalization; and (d) to reduce the external debt burden of the Philippines.

SECTION 2. The Central Bank of the Philippines shall establish a program to convert Philippine external debt obligations owed to commercial banks or financial institutions into equity investments in Philippine enterprises. Investors, whether Filipino or foreign, who hold or purchase such obligations and have such obligations redeemed or paid in pesos by the borrower or obligor in pesos may invest the peso proceeds in the equity of Philippine enterprises, under such terms and conditions as the Central Bank of the Philippines may prescribe, consistent with the objectives stated in Section 1 of this Executive Order.

SECTION 3. Incentives, such as more liberal terms of repatriation of investments and remittance of earnings from investments, may be provided to investments in preferred sectors or areas of the Philippine economy made under the program established pursuant to this Executive Order, as may be determined by the Monetary Board of the Central Bank, taking into consideration sectors of the economy that require prompt revitalization and foreign exchange earning industries.

SECTION 4. The Central Bank of the Philippines may provide limitations to the repatriation of investments and remittance of earnings from investments made under the program established pursuant to this Executive Order, taking into consideration the monetary, credit and exchange conditions and the terms of the general restructuring of Philippine external debt obligations.

SECTION 5. The Central Bank of the Philippines may impose and collect a reasonable application fee for each application for the conversion of external debt into equity investment. The Central Bank may also impose and collect for the account of the Government an additional fee on a conversion transaction, taking into consideration, among other things, the prevailing rates at which Philippine external debt obligations are being traded in the secondary market.

SECTION 6. The Central Bank of the Philippines may under such terms and conditions as the Monetary Board of the Central Bank may prescribe and taking into consideration, among other things, the prevailing rates at which Philippine external debt obligations are being traded in the secondary market, the availability of credit and the level of money supply, extend peso credits through banking institutions to a government-owned or controlled corporation to enable such corporation to reduce or pay its external debt obligations in pesos in connection with conversion transactions under the program established pursuant to this Executive Order.

SECTION 7. The Monetary Board, in coordination with the Minister of Finance, shall promulgate the rules and regulations to implement the provisions of this Executive Order subject to the approval of the President.

SECTION 8. Any provision of law, decree, executive order or other issuances inconsistent with this Executive Order are hereby repealed or modified accordingly.

SECTION 9. This Executive Order shall take effect immediately.

DONE in the City of Manila, this 24th day of July, in the year of Our Lord, Nineteen Hundred and Eighty-Six.

(SGD.) **CORAZON C. AQUINO**
President of the Philippines

By the President:
(SGD.) **JOKER P. ARROYO**
Executive Secretary

Source: **Presidential Management Staff**

Office of the President of the Philippines. (1986). *[Executive Order Nos.: 1 - 170]*. Manila: Presidential Management Staff.

MALACAÑANG
MANILA

EXECUTIVE ORDER NO. 33
AMENDING CERTAIN SECTIONS OF THE JUDICIARY REORGANIZATION ACT OF 1980, AS AMENDED

I, CORAZON C. AQUINO, President of the Philippines, do hereby order:

SECTION 1. The title of Chapter 1 of Batas Pambansa Blg. 129 is hereby amended to read as follows:

"THE COURT OF APPEALS"

SECTION 2. Section 3, Chapter 1 of Batas Pambansa Blg. 129, is hereby amended to read as follows:

> "SEC. 3. Organization – There is hereby created a Court of Appeals which shall consist of a Presiding Justice and fifty Associate Justices who shall be appointed by the President of the Philippines, The Presiding Justice shall be so designated in his appointment, and the Associate Justices shall have precedence according to the dates of their respective appointments, or when the appointments of two or more of them shall bear the same date, according to the order in which their appointments were issued by the President. Any member who is reappointed to the Court after rendering in any other position in the government shall retain the precedence to which he was entitled under his original appointment, and his service in the Court shall, for all intents and purposes, be considered as continuous and uninterrupted."

SECTION 3. Section 4 of the same Act is hereby amended to read as follows:

> "SEC. 4. Exercise of powers and functions. – The Court of Appeals shall exercise its powers, functions, and duties through seventeen (17) divisions, each composed of three (3) members. The Court may sit en banc for the purpose of exercising administrative, ceremonial or other non-adjudicatory functions."

SECTION 4. Section 8 of the same Act is hereby repealed.

SECTION 5. The second paragraph of Section 9 of the same Act is hereby amended to read as follows:

> "The Court of Appeals shall have the power to receive evidence and perform any and all acts necessary to resolve factual issues raised in (a) cases falling within its original jurisdiction, such as actions for annulment of judgments of regional trial courts, as provided in paragraph (2) hereof; and in (b) cases falling within its appellate jurisdiction wherein a motion for new trial based only on the ground of newly discovered evidence is granted by it."

SECTION 6. Section 11 of the same Act is hereby amended to read as follows:

"SEC. 11. Quorum. – A majority of the actual members of the Court shall constitute a quorum for its session en banc. Three members shall constitute a quorum for the sessions of a division. The unanimous vote of the three members of a division shall be necessary for the pronouncement of a decision or final resolution, which shall be reached in consultation before the writing of the opinion by any member of the division. In the event that the three members do not reach a unanimous vote, the Presiding Justice shall request the Raffle Committee of the Court for the designation of two additional Justices to sit temporarily with them, forming a special division of five members and the concurrence of a majority of such division shall be necessary for the pronouncement of a decision or final resolution. The designation of such additional Justices shall be made strictly by raffle.

A motion for reconsideration of its decision or final resolution shall be resolved by the Court within ninety (90) days from the time it is submitted for resolution, and no second motion for reconsideration from the same party shall be entertained."

SECTION 7. Subsection (d) of Section 14 of the same Act is hereby amended to read as follows:

"(d) One hundred seventy-two (172) Regional Trial Judges shall be commissioned for the National Capital Judicial Region. There shall be:

Fifty-five branches (Branches 1 to 55) for the City of Manila, with seats thereat;

Thirty-two branches (Branches 76 to 107) for Quezon City, with seats thereat;

Twelve branches (Branches 108 to 119) for Pasay City, with seats thereat;

Twelve branches (Branches 120 to 131) for Caloocan City, with seats thereat;

Fifty-eight branches (Branches 56 to 74 and 132 to 170) for the municipalities of Navotas, Malabon, San Juan, Mandaluyong, Makati, Pasig, Pateros, Taguig, Marikina, Parañaque, Las Piñas, and Muntinlupa; Branches 56 to 66 and 132 to 150 with seats at Makati; Branches 67 to 71 and 151 to 168 at Pasig; and Branches 72 to 74, 169 and 170 at Malabon; and

Three branches (Branches 75, 171 and 172) for the municipality of Valenzuela, with seats thereat."

SECTION 8. The terms "Intermediate Appellate Court, Presiding Appellate Justice and Associate Appellate Justice(s)" used in the Judiciary Reorganization Act of 1980 or in any other law or executive order shall hereafter mean Court of Appeals, Presiding Justice and Associate Justice(s), respectively.

SECTION 9. This Executive Order shall take effect immediately.

DONE in the City of Manila, this 28th day of July, in the year of Our Lord, nineteen hundred and eighty-six.

(SGD.) **CORAZON C. AQUINO**
President of the Philippines

By the President:
(SGD.) **JOKER P. ARROYO**
Executive Secretary

Source: **Presidential Management Staff**

Office of the President of the Philippines. (1986). *[Executive Order Nos.: 1 - 170]*. Manila: Presidential Management Staff.

MALACAÑANG
MANILA

EXECUTIVE ORDER NO. 34
RECONSTITUTING THE GOVERNING BOARDS OF THE PHILIPPINE HEART CENTER FOR ASIA, LUNG CENTER OF THE PHILIPPINES, NATIONAL KIDNEY FOUNDATION OF THE PHILIPPINES, LUNGSOD NG KABATAAN AND THE TONDO GENERAL HOSPITAL.

WHEREAS, under Memorandum Order No. 6, series of 1986, the Philippine Heart Center for Asia (PHCA), the Lung Center of the Philippines (LCP), the National Kidney Foundation of the Philippines (NKFP), the Lungsod ng Kabataan (LNK) and the Tondo General Hospital (TGH) have been placed under the administrative supervision of the Ministry of Health;

WHEREAS, there is a need to improve the organizational capability of these hospitals/institutions to make them more responsive to the requirement of efficiency, effectiveness and economy;

WHEREAS, it is now imperative that the services, activities and properties of these hospitals/institutions be directed, controlled and managed by a unified unit until such time as a more comprehensive reorganization plan is formalized and implemented.

NOW, THEREFORE, I, CORAZON C. AQUINO, President of the Philippines, by virtue of the powers vested in me by the Constitution, do hereby order:

SECTION 1. To carry out the objectives of this Order, the PHCA, LCP, NKFP, LNK, and the TGH shall be administered by a Board of Trustees composed of eight members, with the Minister of Health as ex-officio chairman and the following ex-officio members:

1. The incumbent Deputy Ministers of Health
2. The Executive Secretary or his designate
3. The Minister of Budget or his designate

SEC. 2. A majority of all the ex-officio members of the Board of Trustees shall constitute a quorum to transact business on any matter duly presented to the Board.

SEC. 3. The members of the Board of Trustees, as such shall serve without remuneration, but they are entitled to a per diem for every meeting of the Board attended, in such amount as may be provided in the law creating/Incorporating the respective hospitals/institutions, or as may be provided in their by-laws.

SEC. 4. The Board is authorized to reorganize the administrative structure of each hospitals/institutions affected hereby.

SEC. 5. All laws, decrees and orders, or parts thereof which are inconsistent with this Order are hereby repealed and/or modified accordingly.

This Order shall take effect immediately.

Done in the City of Manila, this 29th day of July, in the year of Our Lord, nineteen hundred and eighty-six.

(SGD.) **CORAZON C. AQUINO**
President of the Philippines

By the President:
(SGD.) **JOKER P. ARROYO**
Executive Secretary

Source: **Presidential Management Staff**

Office of the President of the Philippines. (1986). *[Executive Order Nos.: 1 - 170]*. Manila: Presidential Management Staff.

MALACAÑANG
MANILA

EXECUTIVE ORDER NO. 35
AMENDING CERTAIN PROVISIONS OF PRESIDENTIAL DECREE NO. 1752, ENTITLED "AMENDING THE ACT CREATING THE HOME DEVELOPMENT MUTUAL FUND".

WHEREAS, the fund contributions to the Home Development Mutual Fund as mandated by Presidential Decree No. 1752 were suspended as a temporary measure for the purpose of studying how the burdens of lower income earners can be reduced and their benefits increased;

WHEREAS, after consultation with the affected sectors, it has become imperative to maintain the Fund and to expand and increase the benefits due to its members but with a lesser burden to the lower income groups;

WHEREAS, there is a need to further strengthen the powers of the Fund for the efficient and effective discharge of its functions in order to guarantee to its members all the benefits due them;

NOW, THEREFORE, I, CORAZON C. AQUINO, President of the Philippines, do hereby order:

SECTION 1. Section 5 of Presidential Decree No. 1752 is hereby amended to read as follows:

"Section 5. Fund Contributions. – Covered employees and employers shall contribute to the Fund based on the Monthly Fund Salary of covered employees as follows:

Employees earning not more than ₱1,500.00 per month – One percent (1%)
Employees earning more than ₱1,500.00 per month Two percent (2%)
All employers – Two percent (2%) of the Monthly Fund Salary of all covered employees.
For purposes of computing contributions, "Monthly Fund Salary" shall mean basic monthly pay plus Cost of Living Allowances (COLA); Provided, however, that the maximum Monthly Fund Salary to be used in computing employee and employer contributions shall not be more than ₱5,000.00. The employer shall not be entitled to deduct from the wages or remuneration of, or otherwise to recover from, the employee the employer's contribution."

SECTION 2. Section 9 of Presidential Decree No. 1752 is hereby amended to read as follows:

"Section 9. Housing Features. – A member of good standing shall be eligible to apply for a housing loan, under such terms as may be authorized by the Board of Trustees, taking into account ability to pay. The Board of Trustees shall institute policies to ensure that lower-income members obtain such housing loans."

SECTION 3. Section 10(b) of Presidential Decree No. 1752 is hereby amended to read as follows:

"(b) To submit annually to the President of the Philippines not later than March 15 a report of its activities and the status of the Fund during the preceding year, including

information and recommendations for the development and improvement thereof, and to furnish each member of the Fund a Statement of his Accumulated Fund Value at least once a year."

SECTION 4. Section 22 of Presidential Decree No. 1752 is hereby amended to read as follows:

"Section 22. Remittance of Contributions. – (a) It shall be the duty of every employer to set aside and remit the contributions required under this Act through the Social Security System and the Government Service Insurance System or in accordance with a mechanism determined by the Board of Trustees, as may be approved by the President of the Philippines. Every employer required to set aside and remit such contributions as prescribed under this Act shall be liable for their payment, and non-payment shall further subject the employer to a penalty of three percent per month of the amounts payable from the date the contributions fall due until paid,

(b) Failure or refusal of the employer to pay or to remit the contributions herein prescribed shall not prejudiced the right of the covered employee to the benefits under this Act."

SECTION 5. Section 24 of Presidential Decree No. 1752 is hereby amended to read as follows:

"Section 24. Visitorial and Enforcement Powers. – (a) The Fund or its duly authorized representatives may at anytime inspect the premises, books of accounts and records of any person or entity covered by this Act, require it to submit reports regularly, and act on violations of any provision of this Act."

(b) Particular aspects of the Fund's administration may be subject to supervision, visitation or verification by appropriate agencies of the government as may be designated and authorized by the President of the Philippines."

SECTION 6. All orders, issuances, rules and regulations or any part thereof which are inconsistent with the provisions of this Executive Order are hereby repealed or modified accordingly.

SECTION 7. This Executive Order shall take effect August 1, 1986.

DONE in the City of Manila, this 30th day of July, in the year of Our Lord, nineteen hundred and eighty-six.

(SGD.) **CORAZON C. AQUINO**
President of the Philippines

By the President:
(SGD.) **JOKER P. ARROYO**
Executive Secretary

Source: **Presidential Management Staff**

Office of the President of the Philippines. (1986). *[Executive Order Nos.: 1 - 170]*. Manila: Presidential Management Staff.

MALACAÑANG
MANILA

EXECUTIVE ORDER NO. 36
FURTHER AMENDING CERTAIN SECTIONS OF THE NATIONAL INTERNAL REVENUE CODE, AS AMENDED

WHEREAS, there is a need to simplify the sales tax structure to effect better compliance and administration;

WHEREAS, to recoup the differential arising from the simplification of the sales tax structure with respect to automobiles, there is a need to impose an additional excise tax on certain automobiles;

NOW, THEREFORE, I, CORAZON C. AQUINO, President of the Philippines, do hereby order:

SECTION 1. Section 162, subparagraph (c), of the National Internal Revenue Code, as amended, is hereby further amended to read as follows:

> "(c) Imported Articles. – When the articles are imported, the percentage taxes established in Section 163 of this Code shall be paid in advance by the importer prior to the release of such articles from customs custody, based on the total value used by the Bureau of Customs in determining tariff and customs duties, including customs duties and other charges. On the original sale, barter, exchange or transfer of such imported articles by the importer himself, there shall be levied, assessed and collected a sales tax at the same rate on the gross value in money of the articles so sold, bartered, exchanged or transferred: Provided, That the tax paid in advance by the importer shall be credited against the sales tax due on the original sale. The tax required to be paid herein shall not apply to articles to be used by the importer himself in the manufacture or preparation of articles subject to excise tax (except automobiles) under Title IV of this Code: Provided, further, That where the National Economic and Development Authority certifies to the availability of local raw materials of sufficient quantity, comparable quality and price to meet the needs of manufacturers subject to excise tax, the importation of such raw materials shall be subject to the tax herein imposed."

SECTION 2. Section 163 of the National Internal Revenue Code, as amended, is hereby further amended to read as follows:

> "Section 163. Percentage tax on original sales of articles. – There shall be levied, assessed and collected, once only on every original sale, barter, exchange, or similar transaction for nominal or valuable consideration intended to transfer ownership of, or title to, the articles herein below enumerated a tax based on the gross selling price or gross value in money of the articles so sold, bartered exchanged, or transferred, such tax to be paid by the manufacturer, producer or importer:

(1) Thirty per cent (30%), on the following non-essential articles:

(a) All articles commonly or commercially known as jewelry, whether real or imitation, pearls, precious and semi-precious stones and imitations thereof; articles made of, or ornamented, mounted or fitted with, precious metals or imitations thereof or ivory (not including surgical and dental instruments, silver-plated wares, frames or mountings for spectacles or eyeglasses, and dental gold or gold alloys and other precious metal used in filling, mounting or fitting of the teeth); opera glasses and lorgnettes. The term 'precious metals' shall include platinum, gold, silver, and other metals of similar or greater value. The term "imitations thereof' shall include platings and alloys of such metals.

(b) Perfumes, essences, extracts, toilet waters, cosmetics, hair dressings, hair dyes, hair restoratives, aromatic cachous, toilet powders, (except tooth and mouth washes, dentifrice, talcum and medicated toilet powders, hair oils and pomades).

Dice, mahjong sets and playing cards.

Jukeboxes.

(e) Automobiles (except motor vehicles classified as trucks, jeeps and utility vehicles). A sale of an automobile shall, for purposes of this section, be considered as a sale of the chassis and of the body, together with parts and accessories with which the same is usually equipped, including the other parts and accessories permanently attached thereto at the time of the original sale.

(f) Parts and accessories of automobiles which are primarily for ornamentation or embellishment.

(g) Yachts and other vessels intended for pleasure or sports.

(h) Harpsichords, accordions, pianos and electric or electronic musical organs.

(i) Firearms and cartridges or other forms of ammunition.

(j) Household-type electric vacuum cleaners or polishers.

(k) Washing machines, clothes dryers and combination washing machine and clothes dryers of all types.

(l) Textiles wholly or in chief value of silk, wool, or linen; nylon or other synthetic and/or chemical fabrics not intended for clothing; wool and silk hats; and furs and manufactures thereof.

(m) Electricity and/or battery operated beauty equipment and accessories.

(n) Electricity and/or battery operated toys.

(o) Television sets, phonographs or gramophones, combination radio-phonograph sets, tape recorders, video tape recorders, tape decks, car stereos, cassette radios, and similar articles for reproducing and/or recording music, sound and images and any combination thereof.

(p) Air-conditioning units

(q) Similar or analogous articles, substances or preparations to those enumerated above as determined by the Commissioner of Internal Revenue based on the essentiality of the articles.

Any material, part or accessory of the above-mentioned articles shall be taxed under this section.

(2) Ten per cent (10%), on the following essential articles:

(a) Processed meat, fruits, vegetables, fish and other sea foods and other processed food products for human consumption.
(b) Processed milk, creamers, dairy products, butter and its substitutes like margarine.
Bread and bakery products.
Lard, shortening and cooking oil.
(e) Beverages and concentrates thereof, whether in liquid, powder or granulated form, intended for consumption as a drink, including but not limited to, processed coffee, cocoa, tea or ginger.
Wheat flour
Clothes and textiles intended for clothing.
(h) Medicines and articles primarily intended for the administration thereof.
(i) Soaps, detergents, toothbrushes and toothpastes.
(j) Writing pads, notebooks, ordinary lead pencils and disposable ballpens.
(k) Cement, hollow blocks, logs, lumber, plywood, plyboard, fiberboard, glass, roofing materials, steel bars, nails, sand and gravel, woven bamboo splits (sawali), nipa shingles, bamboo, basic sanitary and plumbing fixtures and fittings.
(l) Fish, poultry, swine and cattle feeds.
(m) Fertilizers, pesticides and technical materials for use in the formulation of pesticides.
(n) Spare parts and accessories of motor vehicles, except tires.

For purposes of sub-paragraphs (a) and (b) above, the term "processed" as applied to the food products mentioned therein means that such products have undergone the process of curing, canning, bottling or other manufacturing process. It does not include those which have merely undergone the simple process of preservation such as freezing, refrigeration, drying, salting or smoking.
Any article subject to the original sales tax, when used as a raw material in the manufacture or preparation of the above essential articles, shall be taxed at the same rate as the finished product, except when such material is taxed under sub-section (3) hereof or under Title IV of this Code: Provided, (1) the purchaser of such material inputs shall certify to the domestic supplier-importer or manufacturer, in the case of local purchase, or to the Bureau, in the case of direct importation, that the articles shall be used exclusively in the manufacture or preparation of any of the essential articles above enumerated, for resale in the case of a manufacturer, or direct use in the case of an agricultural producer; and (2) the supplier-manufacturer/importer shall maintain accounting records in a manner prescribed in the regulations

to be issued by the Bureau whereby the sales can be classified according to different rates of tax.

(3) Zero per cent (0%), on the following agricultural products:

(a) Agricultural food products, including ordinary salt and all kinds of fish and its by-products in their original state.
(b) Agricultural non-food products in their original state.

Agricultural products shall still be considered in their original state even if they have undergone the simple processes of preservation such as freezing, drying, salting, smoking or stripping. Rice and corn shall be considered in their original state even when milled.

(4) Twenty per cent (20%), on other articles not covered by subsections (1), (2) and (3) of this section."

SECTION 3. The provisions of Section 164 of the National Internal Revenue Code, as amended, are hereby superseded by new provisions to read as follows:

"Section 164. Percentage tax on every subsequent sale of articles. – Except as provided in Section 167 of this Code, there shall be levied, assessed and collected on every subsequent sale, barter, exchange or similar transaction for nominal or valuable consideration intended to transfer ownership of, or title to, any article a tax equivalent to one and one-half per cent (1.5%) of the gross selling price or gross value in money of the article so sold, bartered, exchanged or transferred, such tax to be paid by the seller or the transferor thereof: Provided, however, That the subsequent sale of agricultural products in their original state shall be subject to zero per cent (0%) rate.

Unless the tax under this section is billed to the purchaser as a separate item in the invoice, the amount intended to cover the sales tax shall be considered as part of the gross selling price of the article."

SECTION 4. Section 165 of the National Internal Revenue Code, as amended, is hereby repealed.

SECTION 5. Section 166 of the National Internal Revenue Code, as amended, is hereby further amended to read as follows

"Section 166. Tax Credit. – (a) Creditable Taxes. – Any excise, sales or miller's tax paid under this Title and Title IV of this Code on domestically manufactured, processed, produced or imported raw materials, part, accessory or other article locally purchased or imported by the manufacturer for conversion into or intended to form part of any finished product for sale shall be credited against the sales tax on the original sale of the finished product, except agricultural products: Provided, however, That the amount of sales tax on domestically purchased raw material, part or accessory, is separately indicated in the sales invoice.

In the case of purchase of raw materials, parts and accessories by a manufacturer from a duly registered and accredited dealer, the amount of tax passed on to the dealer as well as the sales tax on subsequent sale, if indicated as separate items in the dealer's sales invoice shall be allowed as credits against the sales tax due on the finished product. Any advance sales tax paid on imported articles shall be allowed as credits against the sales tax due on the original sale of such imported articles.

(b) Tax credit on articles exported. – Any excise, sales, miller's or advance sales tax paid under this Title of Title IV of this Code on domestically manufactured or imported raw materials used in the manufacture and forming part of the finished products subject to tax under Section 163 (1), (2) and (4) hereof shall be allowed as a tax credit against any internal revenue tax liability directly due from the manufacturer exporting said products: Provided, That the amount of the tax on locally purchased raw material, part, accessory, or other article is indicated as a separate item in the sales invoice of the supplier from whom it was last purchased; and Provided, further, That the direct exporter shall file an application for tax credit within one year from the close of the taxable year in which the export was effected. In case finished products are exported by an export trader other than the manufacturer or producer, the entire amount of sales and excise taxes separately indicated in the sales invoice of the immediate seller of the finished products exported shall be allowed to be credited against other tax liabilities of the export trader subject to the filing of an application as prescribed by the Bureau.

(c) Excess tax credit. – If at the end of a taxable year, the total tax paid on the raw material, part, accessory or other article exceeds the amount of the sales tax due on the finished product, the manufacturer or producer may elect to:

1. Carry over such excess or a portion thereof to be credited against his sales tax liability in the succeeding taxable quarter or quarters; and/or
2. File an application for the issuance of a tax credit certificate for such excess or a portion thereof which can be used in payment of any advance sales tax; and/or
3. Deduct such excess or a portion thereof from gross income for income tax purposes: Provided, That the amount of the tax on raw material, part, accessory, or other article shall be indicated as a separate item in the sales invoice: Provided, further, That the amount of tax credits opted for and any tax credit corresponding to the raw materials which are subsequently sold, transferred, disposed of, or for any other reason, can no longer be used in the manufacture of the finished product for sale, shall either be deducted from any unused tax credit or paid as a part of the tax due in the quarter following the disposal; and Provided, finally, That in the case of an importer, if the advance sales tax paid on imported articles exceeds the sales tax due on the original sale of the imported articles in any quarter the excess shall be credited against the sales tax liability of the importer in the succeeding taxable quarter or quarters."

SECTION 6. Section 167 of the National Internal Revenue Code, as amended, is hereby further amended to read as follows:

"Section 167. Articles and transactions not subject to sales tax. – The following shall be exempt from the sales tax imposed in Section 163 hereof:

(a) Original sale by a manufacturer, producer or importer of articles subject to excise tax (except automobiles) imposed under Title IV and to miller's tax under Section 168 of this Code.
(b) Subsequent sale of manufactured oils and other fuels, except lubricating oil, processed gas, grease, wax and petrolatum.
(c) Subsequent sale of any newspaper, magazine, review or bulletin which appears at regular intervals with fixed prices for subscription and sale and which is not devoted principally to publication of advertisements.
(d) Articles shipped or exported by the manufacturer, producer, or trader, irrespective of any shipping arrangement that may be agreed upon which may influence or determine the transfer of ownership of the articles so exported.
(e) Sales by a registered export producer to another export producer or to a registered export trader."

SECTION 7. Section 169, paragraph (a) and sub-paragraphs (1) and (2) of paragraph (b) of the National Internal Revenue Code, as amended, is hereby further amended to read as follows:

"(a) Taxable articles. – There shall be imposed upon the importer of commodities, goods, wares, or merchandise brought into the Philippines, a compensating tax equivalent to the rates prescribed in Section 163 based on the total value used by the Bureau of Customs in determining tariff and customs duties, including customs duty and all other charges, such tax to be paid before the withdrawal of the said commodities, goods, wares or merchandise from the customshouse or the post office."
"(1) Articles subject to tax under Section 163 of this Code;
(2) Articles subject to the excise tax under Title IV of this Code (except automobiles) and articles to be used by the importer himself in the manufacture or preparation of articles subject to excise tax (except automobiles)."

SECTION 8. A new section, to be known as Section 135-A, is hereby added to Chapter VI of Title IV of the National Internal Revenue Code, as amended, to read as follows:

"Section 135-A. Automobiles. – There shall be levied, assessed and collected an ad valorem tax on automobiles based on the manufacturer's or importer's selling price, net of excise and sales taxes, in accordance with the following schedule:

	Engine Displacement	
Tax Rate	Gasoline	Diesel
5%	1201 to 1600cc	1851 to 2050cc
10%	1601 to 1800cc	2051 to 2250cc
20%	1801cc or over	2251cc or over

Provided, That in the case of imported automobiles not for resale, the tax imposed herein shall be based on the total value used by the Bureau of Customs in determining tariff and customs duties, including customs duty and all other charges, plus ten per cent (10%) of the total thereof."

SECTION 9. All laws, orders, issuances, rules and regulations or parts thereof, inconsistent with this Executive Order are hereby repealed or modified accordingly.

SECTION 10. This Executive Order shall take effect on August 1, 1986.

DONE in the City of Manila, this 30th day of July, in the year of Our Lord, nineteen hundred and eighty-six.

(Sgd.) **CORAZON C. AQUINO**
President of the Philippines

By the President:
(Sgd.) **JOKER P. ARROYO**
Executive Secretary

Source: **Presidential Management Staff**

Office of the President of the Philippines. (1986). *[Executive Order Nos.: 1 - 170]*. Manila: Presidential Management Staff.

MALACAÑANG
MANILA

EXECUTIVE ORDER NO. 37
FURTHER AMENDING CERTAIN PROVISIONS OF THE NATIONAL INTERNAL REVENUE CODE, AS AMENDED

WHEREAS, it is necessary to rationalize the present system of taxing incomes derived by individuals and corporations to improve equity, to achieve greater administrative simplicity, to broaden the tax base and improve revenue elasticity and to provide incentives for greater resource allocation;

NOW, THEREFORE, I, CORAZON C. AQUINO, President of the Philippines, do hereby order:

SECTION 1. Section 20 of the National Internal Revenue Code, as amended, is hereby further amended by adding a new paragraph (z) to read as follows:

> "(z) The term 'ordinary income' includes any gain from the sale or exchange of property which is not a capital asset or property described in Section 34(a). Any gain from the sale or exchange of property which is treated or considered, under other provisions of this Title, as 'ordinary income' shall be treated as gain from the sale or exchange of property which is not a capital asset as defined in Section 34(a). The term 'ordinary loss' includes any loss from the sale or exchange of property which is not a capital asset. Any loss from the sale or exchange of property which is treated or considered, under other provisions of this Title, as 'ordinary loss' shall be treated as loss from the sale or exchange of property which is not a capital asset."

SECTION 2. Section 21 of the National Internal Revenue Code, as amended, is hereby further amended to read as follows:

> "Section 21. Tax on citizens or residents. – (a) Taxable compensation, business and other income. – A tax is hereby imposed upon the taxable compensation, business and other income as defined in Section 28, other than the incomes subject to tax under paragraphs (b), (c), (d) and (e) of this Section, received during each taxable year from all sources determined in accordance with the following schedule:

Not over ₱ 2,500	0%
Over ₱ 2,500 but not over ₱ 5,000	1% of excess over ₱ 2,500
Over ₱ 5,000 but not over ₱ 10,000	₱ 25 + 3% of excess over ₱ 5,000
Over ₱ 10,000 but not over ₱ 20,000	₱ 175 + 7% of excess over ₱ 10,000

Over ₱ 20,000 but not over ₱ 40,000	₱ 875 + 11% of excess over ₱ 20,000
Over ₱ 40,000 but not over ₱ 60,000	₱ 3,075 + 15% of excess over ₱ 40,000
Over ₱ 60,000 but not over ₱100,000	₱ 6,075 + 19% of exces over ₱ 60,000
Over ₱100,000 but not over ₱250,000	₱ 13,675 + 24% of excess over ₱100,000
Over ₱250,000 but not over ₱500,000	₱ 49,675 + 29% of excess over ₱250,000
Over ₱500,000	₱122,175 + 35% of excess over ₱500,000

In the case of married individuals, the husband and wife, subject to the provision of Section 45(d) hereof, may elect to compute separately their individual income tax based on their respective total taxable incomes: Provided, That if any income can not be definitely attributable to or identifiable as income exclusively earned or realized by either of the spouses, the same shall be divided equally between the spouses for the purpose of computing their respective taxable income.

(b) Foreign source gross income derived by a nonresident citizen. – A tax is hereby imposed upon the taxable income derived by a nonresident citizen from all sources without the Philippines during each taxable year computed in accordance with the following schedule:

If the amount subject to tax is:

Not over U.S. $6,000.00	1%
Over U.S. $6,000.00 but not over U.S. $20,000.00	U.S. $60 plus 2% of excess over U.S. $6,000
Over U.S. $20,000.00	U.S. $340 plus 3% of excess over U.S. $20,000

(c) Certain passive incomes. – A tax at the rate prescribed below is hereby imposed upon the amount of the following items of gross income received by a citizen or resident alien from sources within the Philippines:

> Interest from any Philippine currency bank deposit and yield or any other monetary benefit from deposit substitutes and from trust fund and similar arrangements; royalties, prizes, (except prizes amounting to ₱3,000 or less which shall be subject to tax under paragraph (a) and other winnings (except Philippine Charity Sweepstakes winnings) – 20%; and
>
> Dividends received from a domestic corporation and the share of an individual partner in a partnership subject to tax under Section 24(a) at

the rate of 15% in 1986; 10% effective January 1, 1987; 5% effective January 1, 1988; and 0% effective January 1, 1989.

(d) Capital gains from sales of shares of stock. – The provisions of Section 34(b) notwithstanding, capital gains realized from the sale, exchange or disposition of shares of stocks in any domestic corporation shall be taxed as follows:

(1) Net capital gain as defined in Section 34(a)(2) realized during each taxable year from the sale, exchange or other disposition of shares of stock not traded through a local stock exchange:

Not over ₱100,000	10%
Over ₱100,000	20%

(2) Capital gains presumed to have been realized from the sale, exchange or disposition of shares of stock listed and traded through a local stock exchange — 1/4 of 1% based on the gross selling price of the share or shares of stock.

(e) Capital gains from sales of real property. – The provisions of Section 34(b) notwithstanding, capital gains presumed to have been realized from the sale, exchange or other disposition of real property located in the Philippines classified as capital assets, including pacto de retro sales and other forms of conditional sales, by individuals, including estates and trusts, shall be taxed at the rate of 5% based on the gross selling price or the fair market value prevailing at the time of sale, whichever is higher: Provided, That the tax liability, if any, on gains from sales or other dispositions of real property to the government or any of its political subdivisions or agencies or to government-owned or controlled corporations shall be determined either under Section 21(a) or under this sub-section, at the option of the taxpayer."

SECTION 3. Section 22 of the National Internal Revenue Code, as amended, is hereby further amended to read as follows:

"Section 22. Tax on nonresident alien individuals. – (a) Nonresident alien engaged in trade or business within the Philippines. (1) In general. – Nonresident aliens engaged in trade or business in the Philippines shall be subject to tax in the same manner as resident citizens and aliens on taxable income received from all sources within the Philippines, except capital gains realized from buying and/or selling shares of stock of Philippine corporations listed in the dollar or any foreign currency board of stock exchange: Provided, That for purposes of this Title, a nonresident alien individual who shall come to the Philippines and stay therein for an aggregate period of more than 180 days during any calendar year shall be deemed a nonresident alien doing business in the Philippines, Section 20(g) of this Code notwithstanding.

(2) Dividends, share in the net profits of a taxable partnership, interest, royalties, prizes and other winnings. – Dividends from a domestic corporation, share in the net profits of a partnership taxable under Section 24(a), interest, royalties (in any form) and prizes (except prizes amounting to ₱3,000 or less which shall be subject to tax under paragraph (a) of Section 21) and other winnings (except Philippine Charity Sweepstakes winnings), shall be subject to a tax of thirty percent (30%) on the total amount thereof.

(3) Capital gains. – Capital gains realized from sales of shares of stocks in domestic corporations and real properties shall be subject to the tax prescribed under Sub-sections (d) and (e) of Section 21.

(b) Nonresident aliens not engaged in trade or business within the Philippines. – There shall be levied, collected and paid for each taxable year upon the entire income received from all sources within the Philippines by every nonresident alien individual not engaged in trade or business within the Philippines as interest, dividends, rents, salaries, wages, premiums, annuities, compensation, remuneration, emoluments, or other fixed or determinable annual or periodical or casual gains, profits, and income, and capital gains (except capital gains realized from buying and/or selling shares of stock of Philippine corporations listed in the dollar or any acceptable foreign currency board of any stock exchange), a tax equal to 30% of such income: Provided, That capital gains realized from sales of shares of stocks in any domestic corporation and real property shall be subject to the tax prescribed under Sub-sections (d) and (e) of Section 21.

(c) Aliens employed by regional or area headquarters of multinational corporations. – There shall be levied, collected and paid for each taxable year upon the gross income received by every alien individual employed by regional or area headquarters established in the Philippines by multinational corporations as salaries, wages, annuities, compensation, remuneration and other emoluments, such as honoraria and allowances, from such regional or area headquarters, a tax equal to 15% of such gross income: Provided, That the activities of the said regional headquarters or area headquarters shall be limited to acting as supervisory, communications and coordinating center for their affiliates, subsidiaries or branches of such multinational corporations. For purposes of this chapter, the term "multinational corporation" means a foreign firm or entity engaged in international trade with affiliates or subsidiaries or branch offices in the Asia Pacific Region.

(d) Aliens employed by offshore banking units. – There shall be levied, collected and paid for each taxable year upon the gross income received by every alien individual employed by offshore banking units established in the Philippines as salaries, wages, annuities, compensation, remuneration and other emoluments, such as honoraria and allowances, from such offshore banking units, a tax equal to 15% of such gross income.

(e) Aliens employed by petroleum service contractors and subcontractors. – Aliens who are permanent residents of a foreign country but who are employed and assigned in the Philippines by service contractors or by subcontractors engaged in petroleum operations in the Philippines shall be liable to a tax of 15% of the salaries, wages, annuities, compensation, remuneration and other

emoluments, such as honoraria and allowances, received from such contractors or subcontractors.

Any income earned from all other sources within the Philippines by the alien employees referred to under sub-sections (c), (d) and (e) hereof shall be subject to the pertinent income tax, as the case may be, imposed under the National Internal Revenue Code, as amended."

SECTION 4. The provisions of Section 23 of the National Internal Revenue Code, as amended, are hereby superseded by new provisions to read as follows:

"Section 23. Tax liability of members of general professional partnerships. – (a) Persons exercising a common profession in general partnership shall be liable for income tax only in their individual capacity, and the share in the net profits of the general professional partnership to which any taxable partner would be entitled whether distributed or otherwise, shall be returned for taxation and the tax paid in accordance with the provisions of this Title.

(b) In determining his distributive share in the net income of the partnership, each partner –

(1) Shall take into account separately his distributive share of the partnership's income, gain, loss, deduction, or credit to the extent provided by the pertinent provisions of this Code, and
(2) Shall be deemed to have elected the itemized deductions, unless he declares his distributive share of the gross income undiminished by his share of the deductions."

SECTION 5. Section 24 of the National Internal Revenue Code, as amended, is hereby further amended, in its entirety to read as follows:

"Section 24. Rates of tax on domestic corporations. – (a) In general. – Unless otherwise provided, a tax of 35% is hereby imposed upon the taxable income received during each taxable year from all sources within and without the Philippines by every corporation organized in, or existing under the laws of the Philippines, and partnerships, no matter how created or organized, but not including general professional partnerships.

(b) Private Educational Institutions. – Private educational institutions, whether stock or non-stock, shall pay a tax of 10% on their taxable income except those covered by paragraph (e) hereof: Provided, That if the gross income from unrelated trade, business or other activity exceeds 50% of the total gross income derived by any educational institution from all sources, the tax prescribed in paragraph (a) hereof shall be imposed on the entire taxable income of the educational institution. For purposes of this paragraph, the term "unrelated trade, business or other activity" means any trade, business or other activity, the conduct of which is not substantially related to the exercise or performance by such educational institution of its educational purpose or function. A private educational institution is any "private school" maintained and administered

by private individuals or groups issued a permit to operate by the Ministry of Education, Culture and Sports (MECS) in accordance with existing laws and regulations.

(c) Government-owned or controlled corporations, agencies or instrumentalities. – The provisions of existing special or general laws to the contrary notwithstanding, all corporate taxpayers not specifically exempt under Section 27 of this Code shall pay the rates provided in this Section. All corporations, agencies, or instrumentalities owned or controlled by the Government, including the Government Service Insurance System and the Social Security System, shall pay such rate of tax upon their taxable income as are imposed by this section upon associations or corporations engaged in a similar business, industry, or activity.

(d) Mutual life insurance companies. – Mutual life insurance companies organized in and existing under the laws of the Philippines shall pay a tax of 10% of their gross investment income consisting of interest, dividends, rents, net capital gains, and income from any other business than life insurance derived from all sources, except those covered by paragraph (e) hereof.

(e) Tax on certain incomes derived by domestic corporations. – (1) Interest from deposits and yield or any other monetary benefit from deposit substitutes and from trust fund and similar arrangements, and royalties. – Interest on Philippine currency bank deposits and yield or any other monetary benefit from deposit substitutes and from trust fund and similar arrangements received by domestic corporations, and royalties, derived from sources within the Philippines, shall be subject to a 20% tax.

(2) Capital gains from sales of shares of stock. – Capital gains realized from the sale, exchange or disposition of shares of stocks in any domestic corporation shall be taxed as follows:

> Net capital gains as defined in Section 34(a)(2) realized during each taxable year from sale or exchange or other disposition of shares of stock not traded through a local stock exchange:
>
> | | |
> |---|---|
> | Not over ₱100,000 | 10% |
> | Over ₱100,000 | 20% |
>
> (B) Capital gains presumed to have been realized from the sale, exchange or disposition of shares of stock listed and traded through a local stock exchange – 1/4 of 1% based on the gross selling price of the share or shares of stock.

(3) Tax on income derived under the Expanded Foreign Currency Deposit System. – Income derived by a depository bank under the expanded foreign currency deposit system from foreign currency transactions with nonresidents, offshore banking units in the Philippines, local commercial banks including branches of foreign banks that may be authorized by the Central Bank to transact business with foreign currency depository system units and other depository

banks under the expanded foreign currency deposit system shall be exempt from all taxes, except taxable income from such transactions as may be specified by the Minister of Finance, upon recommendation of the Monetary Board to be subject to the usual income tax payable by banks: Provided, That interest income from foreign currency loans granted by such depository banks under said expanded system to residents (other than offshore banking units in the Philippines or other depository banks under the expanded system) shall be subject to a 10% tax.

Any income of nonresidents from transactions with depository banks under the expanded system shall be exempt from income tax.

(4) Intercorporate dividends. – Dividends received by a domestic corporation from another domestic corporation shall not be subject to tax."

SECTION 6. The provisions of Section 25 of the National Internal Revenue Code, as amended, are hereby superseded by new provisions to read as follows:

"Section 25. Rates of tax on foreign corporation. – (a) Tax on resident foreign corporations (1) In general. – Unless otherwise provided, a corporation organized, authorized, or existing under the laws of any foreign country, engaged in trade or business within the Philippines, shall be subject to a tax equivalent to 35% of the taxable income derived in the preceding taxable year from all sources within the Philippines.

(2) International carriers. – International carriers doing business in the Philippines shall pay a tax of two and one-half percent (2 1/2%) on their 'Gross Philippine Billings' as defined hereunder:

(A) International air carriers. – 'Gross Philippine Billings' means gross revenue realized from uplifts of passengers anywhere in the world and excess baggage, cargo and mail originating from the Philippines, covered by passage documents sold in the Philippines: Provided, That documents sold outside the Philippines under a 'prepaid ticket advice' scheme for passengers originating from the Philippines shall be considered as documents sold in the Philippines. Gross revenue from chartered flights originating from the Philippines shall likewise form part of the 'Gross Philippine Billings' regardless of the place of sale or payment of the passage documents. For purposes of determining the taxability of revenues from chartered flights, the term 'originating from the Philippines' shall include flights of passengers who stay in the Philippines for more than forty-eight (48) hours prior to embarkation.

(B) International Shipping. – 'Gross Philippine Billings' means gross revenue whether for passenger, cargo or mail originating from the Philippines up to final destination, regardless of the place of sale or payments of the passage or freight documents.

(3) Foreign mutual life insurance companies. – Foreign mutual life insurance companies authorized to carry business in the Philippines shall pay a tax of 10%

on their gross investment income derived from sources within the Philippines except those covered by subsection (6) hereof.

(4) Offshore banking units. – The provisions of any law to the contrary notwithstanding, income derived by offshore banking units authorized by the Central Bank of the Philippines from foreign currency transactions with nonresidents, other offshore banking units, local commercial banks, including branches of foreign banks that may be authorized by the Central Bank to transact business with offshore banking units shall be exempt from all taxes except taxable income from such transactions as may be specified by the Minister of Finance, upon recommendation of the Monetary Board, to be subject to the normal income tax payable by banks: Provided, That any interest income derived from foreign currency loans granted to residents other than offshore banking units or local branches of foreign banks that may be authorized by the Central Bank of the Philippines to transact business with offshore banking units, shall be subject only to a 10% tax.

Any income of nonresidents from transactions with said offshore banking units shall be exempt from income tax.

(5) Tax on branch profits remittances. – Any profit remitted by a branch to its head office shall be subject to a tax of 15% (except those registered with the Export Processing Zone Authority): Provided, That any profit remitted by a branch to its head office authorized to engage in petroleum operations in the Philippines shall be subject to tax at 7-1/2%. In both cases, the tax shall be collected and paid in the same manner as provided in Sections 51 and 52 of this Code: and Provided, further, That interests, dividends, rents, royalties, including remuneration for technical services, salaries, wages, premiums, annuities, emoluments or other fixed or determinable annual, periodical or casual gains, profits, income and capital gains received by a foreign corporation during each taxable year from all sources within the Philippines shall not be considered as branch profits unless the same are effectively connected with the conduct of its trade or business in the Philippines.

(6) Tax on certain incomes received by resident foreign corporations. (A) Interest from deposits and yield or any other monetary benefit from deposit substitutes, trust fund and similar arrangements and royalties. Interest on Philippine currency bank deposits and yield or any other monetary benefit from deposit substitutes and from trust fund and similar arrangements and royalties derived from sources within the Philippines shall be subject to a 20% tax.

(B) Income derived under the Expanded Foreign Currency Deposit System. – Income derived by a depository bank under the expanded foreign currency deposit system from foreign currency transactions with nonresidents, offshore banking units in the Philippines, local commercial banks including branches of foreign banks that may be authorized by the Central Bank of the Philippines to transact business with foreign currency depository system units and other depository banks under the expanded foreign currency deposit system shall be exempt from all taxes, except taxable income from such transactions as may be specified by the Minister of Finance, upon recommendation of the Monetary Board to be subject to the usual income tax payable by banks: Provided, That interest income from

foreign currency loans granted by such depository banks under said expanded system to residents (other than offshore banking units in the Philippines or other depository banks under the expanded system) shall be subject to a 10% tax.

Any income of nonresidents from transactions with depository banks under the expanded system shall be exempt from income tax.

(C) Capital gains from sales of shares of stock. – Capital gains realized from sale, exchange or disposition of shares of stocks in any domestic corporation shall be taxed as follows:

(i) Net capital gains as defined in Section 34(a)(2) realized during each taxable year from sale or exchange or other disposition of shares of stocks not traded through a local stock exchange shall be taxed as follows:

Not over ₱100,000	10%
Over ₱100,000	20%

(ii) Capital gains presumed to have been realized from the sale, exchange or disposition of shares of stock listed and traded through a local stock exchange — 1/4 of 1% based on the gross selling price of the share or shares of stock

(D) Intercorporate Dividends. – Dividends received by a resident foreign corporation from a domestic corporation liable to tax under this Code shall not be subject to tax under this Title.

(b) Nonresident foreign corporations. – (1) In general. – Unless otherwise provided, a foreign corporation not engaged in trade or business in the Philippines shall pay a tax equal to 35% of the gross income received during each taxable year from all sources within the Philippines such as interest, dividends, rents, royalties, salaries, premiums (except reinsurance premiums), annuities, emoluments or other fixed or determinable annual, periodical or casual gains, profits and income, and capital gains, except capital gains subject to tax under subparagraph 5(C).

(2) Nonresident cinematographic film owners, lessors or distributors. – Cinematographic film owners, lessors, or distributors shall pay a tax of 25% of their gross income from all sources within the Philippines.

(3) Nonresident owners of vessels chartered by Philippine nationals. – Rentals, lease and charter fees derived by nonresident owners of vessels chartered by Philippine nationals and which charter or lease has been duly approved by the Maritime Industry Authority shall be subject to a 4.5% tax.

(4) Nonresident lessors of aircrafts, machineries and other equipment. – Rentals, charter and other fees derived by nonresident lessors of aircrafts, machineries and other equipment shall be subject to a tax of not less than 5% but not more than 10% to be fixed and determined by the President upon recommendation of the Minister of Finance: Provided, That the rate of 7-1/2% shall be imposed on such rentals, charter and other fees until such time as the President shall have prescribed the rates appropriate for each category of property.

(5) Tax on certain incomes received by nonresident foreign corporations. – (A) Interest on foreign loans contracted on or after August 1, 1986 shall be subject to a 20% tax;

(B) On dividends received from a domestic corporation liable to tax under this Chapter, the tax shall be 15% of the dividends received, which shall be collected and paid as provided in Section 51(a) of the National Internal Revenue Code, as amended, subject to the condition that the country in which the nonresident foreign corporation is domiciled shall allow a credit against the tax due from the nonresident foreign corporation, taxes deemed to have been paid in the Philippines equivalent to 20% which represents the difference between the regular tax (35%) on corporations and the tax (15%) on dividends as provided in this subparagraph;

(C) Capital gains realized from sale, exchange or disposition of shares of stocks in any domestic corporation shall be subject to tax as follows:

(i) Net capital gains as defined in Section 34(a)(2) realized during each taxable year from sale or exchange or other disposition of shares of stocks not traded through a local stock exchange:

Not over ₱100,000	10%
Over ₱100,000	20%

(ii) Capital gains presumed to have been realized from the sale, exchange or disposition of shares of stock listed and traded through a local stock exchange — 1/4 of 1% based on the gross selling price of the share or shares of stock."

SECTION 7. Section 26 of the National Internal Revenue Code, as amended, is hereby repealed.

SECTION 8. Section 27 of the National Internal Revenue Code, as amended, is hereby further amended by adding a new sub-section (1) to the first paragraph thereof as follows:

"(1) Government educational institution."

SECTION 9. Section 28 of the National Internal Revenue Code, as amended, is hereby further amended to read as follows:

"Section 28. Taxable Income. – The term 'taxable income' means the pertinent items of gross income specified in this Code less the deductions, if any, authorized by such types of income by this Code or other special laws: Provided, That for purposes of Section 21(b) 'taxable income' means gross income from all sources without the Philippines less the deductions allowed in Section 30(m)."

SECTION 10. Section 29 of the National Internal Revenue Code, as amended, is hereby further amended as follows:

"Section 29. Gross Income. – (a) General definition. Gross income means all income from whatever source derived, including (but not limited to) the following items:

(1) Compensation for services, including fees, commissions, and similar items;
(2) Gross income derived from business;
(3) Gains derived from dealings in property;
(4) Interest;
(5) Rents;
(6) Royalties;
(7) Dividends;
(8) Annuities;
(9) Prizes and winnings;
(10) Pensions; and
(11) Partner's distributive share of the gross income of general professional partnership.

(b) Exclusions from gross income. – The following items shall not be included in gross income and shall be exempt from taxation under this Title:

(1) Life insurance. – The proceeds of life insurance policies paid to the heirs or beneficiaries upon the death of the insured, whether in a single sum or otherwise, but if such amounts are held by the insurer under an agreement to pay interest thereon, the interest payments shall be included in gross income.
(2) Amount received by insured as return of premium. – The amount received by the insured, as a return of premiums paid by him under life insurance, endowment, or annuity contracts, either during the term or at the maturity of the term mentioned in the contract or upon surrender of the contract.

Gifts, bequest, and devises. – The value of property acquired by gift, bequest, devise, or descent; but the income from such property shall be included in gross income.

Interest on Government securities. – Interest upon the obligations of the Government of the Republic of the Philippines or any political subdivisions thereof, but in the case of such obligations issued after the approval of this Code, only to the extent provided in the act authorizing the issue thereof.

Compensation for injuries or sickness. – Amounts received, through Accident or Health Insurance or under Workmen's Compensation Acts, as compensation for personal injuries or sickness, plus the amounts of any damages received whether by suit or agreement on account of such injuries or sickness.

Income exempt under treaty. – Income of any kind, to the extent required by any treaty obligation binding upon the Government of the Philippines.

Retirement benefits, pensions, gratuities, etc. – (A) Retirement benefits received by officials and employees of private firms, whether individual or corporate, in accordance with a reasonable private benefit plan maintained by the employer: Provided, That the retiring official or employee has been in the service of the same employer for at least 10 years and is not less than 50 year of age at the time of his retirement: Provided, further, That the benefits granted under this subparagraph shall be availed of by an official or employee only once. For purposes of this subsection, the term 'reasonable private benefit plan' means a pension, gratuity, stock bonus or profit-sharing plan maintained by an employer for the benefit of some or all of his officials or employees, wherein contributions are made by such employer for officials or employees, or both, for the purpose of distributing to such officials and employees the earnings and principal of the fund thus accumulated, and wherein it is provided in said plan that at no time shall any part of the corpus or income of the fund be used for, or be delivered to, any purpose other than for the exclusive benefit of the said officials and employees.

(B) Any amount received by an official or employee or by his heirs from the employer as a consequence of separation of such official or employee from the service of the employer due to death, sickness or other physical disability or for any cause beyond the control of the said official or employee.

(C) The provisions of any existing law to the contrary notwithstanding, social security benefits, retirement gratuities, pensions and other similar benefits received by resident or nonresident citizens of the Philippines or aliens who come to reside permanently in the Philippines from foreign government agencies and other institutions, private or public.

(D) Payments of benefits due or to become due to any person residing in the Philippines under the laws of the United States administered by the United States Veterans Administration.

(E) Payments of benefits made under the Social Security Act of 1954, as amended.

(F) Benefits received from the GSIS and the retirement gratuity received by government officials and employees.

(8) Miscellaneous items.

(A) Income received from their investments in the Philippines in loans, stocks, bonds or other domestic securities, or from interest on their deposits in banks in the Philippines by (i) foreign governments, (ii) financing institutions owned, controlled, or enjoying refinancing from them, and (iii) international or regional financing institutions established by governments.

(B) Income derived from any public utility or from the exercise of any essential governmental function accruing to the Government of the Philippines or to any political subdivision thereof.

(C) Income derived as rewards under Section 316 of this Code, as amended.

(D) Interest earned from deposits maintained with a bank under the expanded foreign currency deposit system.

(E) Prizes and awards made primarily in recognition of religious, charitable, scientific, educational, artistic, literary, or civic achievement but only if:

(i) the recipient was selected without any action on his part to enter the contest or proceeding; and

(ii) the recipient is not required to render substantial future services as a condition to receiving the prize or award."

SECTION 11. Section 30 of the National Internal Revenue Code, as amended, is hereby further amended to read as follows:

"Section 30. Deductions from gross income. – In computing taxable income subject to tax under Sec. 21(a); 24(a), (b) and (c); and 25(a)(1), there shall be allowed as deductions the items specified in paragraphs (a) to (i) of this section.

In the case of an individual, the optional standard deduction under paragraph (k) shall be allowed in lieu of itemized deductions under said paragraphs (a) to (i). In addition, the appropriate personal and additional exemptions allowed under paragraph (1) may be claimed by an individual whose income is subject to tax under Section 21(a): Provided, That no deductions other than the deduction provided in paragraph (1) may be allowed from compensation income arising from personal services rendered under an employer-employee relationship.

(a) Expenses. – (1) Business expenses. – (A) In general. – All ordinary and necessary expenses paid or incurred during the taxable year in carrying on any trade or business, including a reasonable allowance for salaries or other compensation for personal services actually rendered; travelling expenses while away from home in the pursuit of a trade, profession or business, rentals or other payments required to be made as a condition to the continued use or possession, for the purpose of the trade, profession or business, of property to which the taxpayer has not taken or is not taking title or in which he has no equity.

(2) Expenses allowable to private educational institutions. – In addition to the expenses allowable as deductions under subparagraph (a)(1)(A) above, a private educational institution, referred to under Section 24(b) of this Code, may at its option elect either (A) to deduct expenditures otherwise considered as capital outlays of depreciable assets incurred during the taxable year for the expansion of school

facilities or (B) to deduct allowance for depreciation thereof under paragraph (f) of this section.

(b) Interest. – (1) In general. – The amount of interest paid or accrued within a taxable year on indebtedness in connection with the taxpayer's profession, trade or business, except on indebtedness incurred or continued to purchase or carry obligation the interest upon which is exempt from taxation as income under this Title.

(2) No deduction shall be allowed in respect of interest under the succeeding sub-paragraphs:

(i) If within the taxable year an individual taxpayer reporting income on the cash basis incurs an indebtedness on which an interest is paid in advance through discount or otherwise: Provided, That such interest shall be allowed as a deduction in the year the indebtedness is paid: and Provided, further, That if the indebtedness is payable in periodic amortizations, the amount of interest which corresponds to the amount of the principal amortized or paid during the year shall be allowed as deduction in such taxable year.

(ii) If both the taxpayer and the person to whom the payment has been made or is to be made are persons specified under Section 31(b).

(iii) If the indebtedness is incurred to finance petroleum exploration.

(c) Taxes. – (1) In general. – Taxes paid or accrued within the taxable year in connection with the taxpayer's profession, trade or business, except:

> The income tax provided for under this Title;
> Income, war profits, and excess profits taxes imposed by authority of any foreign country; but this deduction shall be allowed in the case of a taxpayer who does not signify in his return his desire to have to any extent the benefits of paragraph (3) of this subsection (relating to credits for taxes of foreign countries);
> Estate and gift taxes;
> Taxes assessed against local benefits of a kind tending to increase the value of the property assessed; and
> Electric energy consumption tax imposed by Batas Pambansa Blg. 36.

(2) Limitations on deductions. (A) In the case of a nonresident alien individual and a foreign corporation, the deductions for taxes provided in paragraph (1) of this subsection (c) shall be allowed only if and to the extent that they are connected with income from sources within the Philippines; and

In the case of a citizen of a foreign country residing in the Philippines whose income from sources within such foreign country is not taxable under this Title, only that portion of the taxes paid to such foreign country which corresponds to his taxable income under this Title shall be allowed as deduction.

(3) Credit against tax for taxes of foreign countries. If the taxpayer signifies in his return his desire to have the benefits of this paragraph, the tax imposed by this Title shall be credited with:

(A) Citizen and domestic corporation. – In the case of a citizen of the Philippines and of a domestic corporation, the amount of any income, war profits, and excess profits taxes paid or accrued during the taxable year to any foreign country;

(B) Alien resident of the Philippines. – In the case of an alien resident of the Philippines, the amount of any such taxes paid or accrued during the taxable year to any foreign country; if the foreign country of which such alien resident is a citizen or subject, in imposing such taxes allows a similar credit to citizens of the Philippines residing in such country; and

(C) Partnerships and estates. – In the case of any such individual who is a member of a general professional partnership or a beneficiary of an estate or trust, his proportionate share of such taxes of the general professional partnership or the estate or trust paid or accrued during the taxable year to a foreign country, if his distributive share of the income of such partnership or trust is reported for taxation under this Title.

Nonresident alien individuals and foreign corporations shall not be allowed the credits against the tax for the taxes of foreign countries allowed under this paragraph.

(4) Limitations on credit. – The amount of the credit taken under this section shall be subject to each of the following limitations:

(A) The amount of the credit in respect to the tax paid or accrued to any country shall not exceed the same proportion of the tax against which such credit is taken, which the taxpayer's taxable income from sources within such country under this Title bears to his entire taxable income for the same taxable year; and

(B) The total amount of the credit shall not exceed the same proportion of the tax against which such credit is taken, which the taxpayer's taxable income from sources without the Philippines taxable under this Title bears to his entire taxable income for the same taxable year.

(5) Adjustments on payment of accrued taxes. – If accrued taxes when paid differ from the amounts claimed as credits by the taxpayer, or if any tax paid is refunded in whole or in part, the taxpayer shall notify the Commissioner, who shall redetermine the amount of the tax for the year or years affected, and the amount of tax due upon such redetermination, if any, shall be paid by the taxpayer

upon notice and demand by the Commissioner, or the amount of tax overpaid, if any, shall be credited or refunded to the taxpayer. In the case of such a tax accrued but not paid, the Commissioner as a condition precedent to the allowance of this credit may require the taxpayer to give a bond with sureties satisfactory to and to be approved by the Commissioner in such sum as he may require, conditioned upon the payment by the taxpayer of any amount of tax found due upon any such redetermination. The bond herein prescribed shall contain such further conditions as the Commissioner may require.

(6) Year in which credit taken. – The credits provided for in paragraph (c)(3) may, at the option of the taxpayer and irrespective of the method of accounting employed in keeping his books, be taken in the year in which the taxes of the foreign country accrued, subject, however, to the conditions prescribed in paragraph (c)(5) . If the taxpayer elects to take such credits in the year in which the taxes of the foreign country accrued, the credits for all subsequent years shall be taken upon the same basis, and no portion of any such taxes shall be allowed as a deduction in the same or any succeeding year.

(7) Proof of credits. – The credits provided in paragraph (c)(3) shall be allowed only if the taxpayer establishes to the satisfaction of the Commissioner (A) the total amount of income derived from sources without the Philippines, (B) the amount of income derived from each country, the tax paid or accrued to which is claimed as a credit under said paragraph, such amount to be determined under rules and regulations prescribed by the Minister of Finance, and (C) all other information necessary for the verification and computation of such credits.

(8) Taxes of foreign subsidiary. – For purposes of this subsection a domestic corporation, which owns a majority of the voting stock of a foreign corporation from which it receives dividends in any taxable year shall be deemed to have paid the same proportion of any income, war profits, or excess profits taxes paid by such foreign corporation to any foreign country, upon or with respect to the accumulated profits of such foreign corporation from which such dividends were paid which the amount of such dividend bears to the amount of such accumulated profits: Provided, That the amount of tax deemed to have been paid under this subsection shall in no case exceed the same proportion of the tax against which credit is taken which the amount of such dividends bears to the amount of the entire taxable income of the domestic corporation in which such dividends are included. The term 'accumulated profits' when used in this subsection in reference to a foreign corporation, means the amount of its gains, profits, or income in excess of the income, war profits, and excess profits taxes imposed upon or with respect to such profits or income; and the Commissioner shall have full power to determine from the accumulated profits of what year or years such dividends were paid, treating dividends paid in the first 60 days of any year as having been paid from the accumulated profits of the preceding year or years (unless to his satisfaction shown otherwise), and in other respects treating dividends as having been paid from the most recently accumulated gains, profits, or earnings. In the case of a foreign corporation, the income, war profits, and excess profits taxes of which are determined on the basis of an accounting period of less than one

year, the word 'year' as used in this subsection shall be construed to mean such accounting period.

(9) Taxes of shareholder paid by corporation. – The deduction for taxes allowed by paragraph (c) shall be allowed to a corporation in the case of taxes imposed upon a shareholder of the corporation upon his interest as shareholder which are paid by the corporation without reimbursement from the shareholder, but in such cases no deduction shall be allowed the shareholder for the amount of such taxes.

(d) Losses. – (1) By individuals. – In the case of an individual, losses actually sustained during the taxable year and not compensated for by insurance or otherwise:

(A) If incurred in trade, profession, or business;

(B) If incurred in any transaction entered into for profit, though not connected with the trade or business;

(C) Of property connected with the trade or business, if the loss arises from fires, storms, shipwreck, or other casualties, or from robbery, theft, or embezzlement.

The Minister of Finance, upon recommendation of the Commissioner of Internal Revenue, is hereby authorized to promulgate rules and regulations prescribing, among other things, the time and manner by which the taxpayer shall submit a declaration of loss sustained from casualty or from robbery, theft, or embezzlement during the taxable year: Provided, however, That the time limit to be so prescribed in the regulations shall not be less than 30 days nor more than 90 days from the date of the occurrence of the casualty or robbery, theft, or embezzlement giving rise to the loss.

(D) No loss shall be allowed as a deduction under this paragraph if at the time of the filing of the return, such loss has been claimed as a deduction for estate tax purposes in the estate tax return.

(2) By corporation. – In the case of a corporation, all losses actually sustained and charged off within the taxable year and not compensated for by insurance or otherwise.

(3) Proof of loss. – In the case of a nonresident alien individual or foreign corporation, the losses deductible are those actually sustained during the year incurred in business or trade conducted within the Philippines, and losses actually sustained during the year in transactions entered into for profit in the Philippines although not connected with their business or trade, when such losses are not compensated for by insurance or otherwise. The Minister of Finance, upon recommendation of the Commissioner of Internal Revenue, is hereby authorized to promulgate rules and regulations prescribing, among other things, the time and manner by which the taxpayer shall submit a declaration of loss sustained from casualty or from robbery, theft, or embezzlement during the taxable year: Provided, That the time to be so prescribed in the regulations shall not be less than 30 days nor more than 90 days from the date of the occurrence of the casualty or robbery, theft, or embezzlement giving rise to the loss.

(4) Capital losses. – (A) Limitation. – Losses from sales or exchanges of capital assets shall be allowed only to the extent provided in Section 34.

(B) Securities becoming worthless. – If securities as defined in Section 20 become worthless during the taxable year and are capital assets, the loss resulting therefrom shall, for the purposes of this Title, be considered as a loss from the sale or exchange, on the last day of such taxable year, of capital assets.

(5) Losses on wash sales of stock or securities. – Losses on 'wash sales' of stock or securities as provided in Section 33.

(6) Wagering losses. – Losses from wagering transactions shall be allowed only to the extent of the gains from such transactions.

(7) Abandonment losses. – (A) In the event a contract area where petroleum operations are undertaken is partially or wholly abandoned, all accumulated exploration and development expenditures pertaining thereto shall be allowed as a deduction: Provided, That accumulated expenditures incurred in that area prior to January 1, 1979, shall be allowed as a deduction only from any income derived from the same contract area. In all cases, notices of abandonment shall be filed with the Commissioner of Internal Revenue.

(B) In case a producing well is subsequently abandoned, the unamortized costs thereof, as well as the undepreciated costs of equipment directly used therein shall be allowed as a deduction in the year such well, equipment or facility is abandoned by the contractor: Provided, That if such abandoned well is reentered and production is resumed, or if such equipment or facility is restored into service, the said costs shall be included as part of gross income in the year of resumption or restoration and shall be amortized or depreciated, as the case may be.

(e) Bad Debts. – (1) In general. – Debts due to the taxpayer actually ascertained to be worthless and charged off within the taxable year except those not connected with profession, trade or business and those sustained in a transaction entered into between parties mentioned under Section 31(b) of this Code.

(2) Securities becoming worthless. – If securities as defined in Section 20 are ascertained to be worthless and charged off within the taxable year and are capital assets, the loss resulting therefrom shall, in the case of a taxpayer other than a bank or trust company incorporated under the laws of the Philippines a substantial part of whose business is the receipt of deposits, for the purpose of this Title, be considered as a loss from the sale or exchange, on the last day of such taxable year of capital assets.

(f) Depreciation. (1) General rule. – There shall be allowed as a depreciation deduction a reasonable allowance for the exhaustion, wear and tear (including reasonable allowance for obsolescence) of property used in the trade or business. In the case of property held by one person for life with remainder to another person, the deduction shall be computed as if the life tenant were the absolute owner of the property and shall be allowed to the life tenant. In the case of property held in trust, the allowable deduction shall be apportioned between the income beneficiaries and the trustees in accordance with the pertinent provisions of the instrument creating the trust, or in the absence of such provisions, on the basis of the trust income allowable to each.

(2) Use of certain methods and rates. – The term 'reasonable allowance' as used in the preceding paragraph shall include (but not limited to) an allowance computed in accordance with regulations prescribed by the Minister of Finance, under any of the following methods:

The straight line method.

(B) Declining balance method, using a rate not exceeding twice the rate which would have been used had the annual allowance been computed under the method described in paragraph (f) (1).

The sum of the years-digits method, and

(D) Any other method which may be prescribed by the Minister of Finance upon recommendation of the Commissioner of Internal Revenue.

(3) Agreement as to useful life on which depreciation rate is based. – Where under regulations prescribed by the Minister of Finance, the taxpayer and the Commissioner of Internal Revenue have entered into an agreement in writing specifically dealing with the useful life and rate of depreciation of any property, the rate so agreed upon shall be binding on both the taxpayer and the Minister of Finance in the absence of facts and circumstances not taken into consideration in the adoption of such agreement. The responsibility of establishing the existence of such facts and circumstances shall rest with the party initiating the modification. Any change in the agreed rate and useful life specified in the agreement shall not be effective for taxable years before the taxable year in which the notice in writing by certified mail or registered mail is served by the party to the agreement initiating such change.

(4) Depreciation of properties used in petroleum operations. – An allowance for depreciation in respect to all properties directly related to production of petroleum initially placed in service in a taxable year under the straight-line or double-declining balance method of depreciation at the option of the service contractor. However, if the service contractor initially elects the double-declining method, it may at any subsequent date, shift to the straight-line method. The useful life of properties used in or related to production of petroleum shall be 10 years or such shorter life as may be permitted by the Commissioner of Internal Revenue.

Properties not used directly in the production of petroleum shall be depreciated under the straight-line method on the basis of an estimated useful life of 5 years.

(5) Depreciation deductible by nonresident aliens or foreign corporations. – In the case of a nonresident alien individual or foreign corporation, a reasonable allowance for the deterioration of property arising out of its use or employment or its non-use in the business or trade shall be permitted only when such property is located within the Philippines.

(g) Depletion of oil and gas wells and mines. – (1) In general. – In the case of oil and gas wells and mines, a reasonable allowance for depletion or amortization computed in accordance with the cost depletion method shall be granted under rules and regulations to be prescribed by the Minister of Finance: Provided, That

when the allowance shall equal the capital invested no further allowance shall be granted: Provided, further, That after production in commercial quantities has commenced, certain intangible exploration and development drilling costs (A) shall be deductible in the year incurred if such expenditures are incurred for non-producing wells or (B) shall be deductible in full in the year paid or incurred or at the election of the taxpayer, may be capitalized and amortized if such expenditures incurred are for producing wells in the same contract area.

Intangible costs in petroleum operations refer to any costs incurred in petroleum operations which in itself has no salvage value and which is incidental to and necessary for the drilling of wells and preparation of wells for the production of petroleum: Provided, That said cost shall not pertain to the acquisition or improvement of property of a character subject to the allowance for depreciation except that the allowances for depreciation on such property, shall be deductible under this subsection

Any intangible exploration, drilling and development expenses allowed as a deduction in computing taxable income during the year shall not be taken into consideration in computing the adjusted cost basis for the purpose of computing allowable cost depletion.

(2) Election to deduct exploration and development expenditures. – In computing taxable income, the taxpayer may, at his option, deduct exploration and development expenditures accumulated as cost or adjusted basis for cost depletion as of January 1, 1978, as well as exploration and development expenditures paid or incurred during the taxable year: Provided, That the total amount deductible for exploration and development expenditures shall not exceed twenty-five percent (25%) of the taxable income from mining operations computed without the benefit of any tax incentives under existing laws. This subparagraph shall not apply to expenditures for the acquisition or improvement of property of a character which is subject to the allowance for depreciation under Section 30(f)(1) of this Code but the allowance for depreciation thereon shall be treated as expenditure.

The election by the taxpayer to deduct the exploration and development expenditures is irrevocable and shall be binding in succeeding taxable years.

In no case shall this paragraph apply with respect to amounts paid or incurred for the exploration and development of oil and gas. The term 'exploration expenditures' means expenditures paid or incurred for the purpose of ascertaining the existence, location, extent, or quality of any deposit of ore or other mineral, and paid or incurred before the beginning of the development stage of the mine or deposit. The term 'development expenditures' means expenditures paid or incurred during the development stage of the mine or other natural deposits. The development stage of a mine or other natural deposit shall begin at the time when deposits of ore or other minerals are shown to exist in sufficient commercial quantity and quality and shall end upon commencement of actual commercial extraction.

(3) Depletion of oil and gas wells and mines deductible by a nonresident alien individual or foreign corporation. – In the case of a nonresident alien individual or a foreign corporation, allowance for depletion of oil and gas wells

or mines under subparagraph (1) shall be authorized only in respect to oil and gas wells or mines located within the Philippines.

(h) Charitable and other contributions. – (1) In general. – Contributions or gifts actually paid or made within the taxable year to, or for the use of the Government of the Philippines or any of its agencies or any political subdivision thereof for exclusively public purposes, or to domestic corporations or associations organized and operated exclusively for religious, charitable, scientific, youth and sports development, cultural or educational purposes or for the rehabilitation of veterans, or to social welfare institutions, no part of the net income of which inures to the benefit of any private stockholder or individual in an amount not in excess of 6% in the case of an individual, and 3% in the case of a corporation, of the taxpayer's taxable income derived from business as computed without the benefit of this and the following subparagraphs.

(2) Contributions deductible in full. – Notwithstanding the provisions of the preceding subparagraph, donations to the following institutions or entities shall be deductible in full:

(A) Donations to the Government. – Donations to the Government of the Philippines or to any of its agencies or political subdivisions including fully-owned government corporations exclusively to finance, to provide for, or to be used in undertaking priority activities in education, health, youth and sports development, human settlements, science and culture, and in economic development according to a national priority plan to be determined by the NEDA, in consultation with appropriate government agencies, including its regional development councils and private philanthropic persons and institutions: Provided, That any donation which is made to the Government or to any of its agencies or political subdivisions not in accordance with the said annual priority plan shall be subject to the limitations prescribed in subparagraph (1) of this section.

(B) Donations to certain foreign institutions or international organizations. – Donations to foreign institutions or international organizations which are fully deductible in pursuance of or in compliance with agreements, treaties, or commitments entered into by the Government of the Philippines and the foreign institutions or international organizations or in pursuance of special laws.

(C) Donations to certain private foundations. – The term 'private foundation' means a non-profit domestic corporation:

(i) Organized and operated exclusively for scientific, research, educational, character-building and youth and sports development, health, social welfare, cultural or charitable purposes, or a combination thereof, no part of the net income of which inures to the benefit of any private individual;

(ii) Which, not later than the 15th day of the third month after the close of the foundation's taxable year in which contributions are received, makes utilization directly for the active conduct of the activities constituting the purpose or function for which it is organized and operated, unless an extended period is granted by the Ministry of Finance in accordance with the rules and regulations to be promulgated;

(iii) The level of administrative expense of which, shall on an annual basis conform with the rules and regulations to be prescribed by the Minister of Finance but in no case to exceed thirty percent (30%) of total expenses; and

(iv) The assets of which in the event of dissolution would be distributed to another non-profit domestic corporation organized for similar purpose or purposes, or to the State for public purpose, or would be distributed by a court to another organization to be used in such manner as in the judgment of said court shall best accomplish the general purpose for which the dissolved organization was organized.

Subject to such terms and conditions as may be prescribed by the Minister of Finance, the term 'utilization' means:

Any amount in cash or in kind (including administrative expenses) paid or utilized to accomplish one or more purposes for which the private foundation was created or organized.

Any amount paid to acquire an asset used (or held for use) directly in carrying out one or more purposes for which the foundation was created or organized.

An amount set aside for a specific project which comes within one or more purposes of the foundation may be treated as a utilization, but only if at the time such amount is set aside, the private foundation establishes to the satisfaction of the Commissioner of Internal Revenue that the amount will be paid for the specific project within a period to be prescribed in regulations to be promulgated by the Minister of Finance, but not to exceed 5 years, and the project is one which can be better accomplished by setting aside such amount than by immediate payment of funds.

Valuation. – Properties other than cash donated shall be valued in accordance with the rules and regulations prescribed by the Minister of Finance in consultation with appropriate government agencies.

Proof of deductions. – Contributions or gifts shall be allowable as deduction only if verified under the regulations prescribed by the Minister of Finance.

(i) Pension trusts. – An employer establishing or maintaining a pension trust to provide for the payment of reasonable pensions to his employees shall be allowed as a deduction (in addition to the contributions to such trust during the taxable year to cover the pension liability accruing during the year, allowed as a deduction under subsection (a)(1) of this section) a reasonable amount transferred or paid into such trust during the taxable year in excess of such contributions, but only if such amount (1) has not theretofore been allowable as a deduction, and (2) is apportioned in equal parts over a period of 10 consecutive years beginning with the year in which the transfer or payment is made.

(j) Additional requirement for deductibility of certain payments. – Any amount paid or payable which is otherwise deductible from, or taken into account

in computing gross income or for which depreciation or amortization may be allowed under this section, shall be allowed as a deduction only if it is shown that the tax required to be deducted and withheld therefrom has been paid to the Bureau of Internal Revenue in accordance with this section, Sections 52 and 84 of this Code.

(k) Optional standard deduction. – In lieu of the deductions allowed under the preceding paragraphs of this section an individual subject to tax under Section 21(a) other than a nonresident alien, may elect a standard deduction in an amount not exceeding ten percent (10%) of his gross income. Unless the taxpayer signifies in his return his intention to elect the optional standard deduction, he shall be considered as having availed himself of the deductions allowed in the preceding subsection. The Minister of Finance shall prescribe the manner of the election. Such election when made in the return shall be irrevocable for the taxable year for which the return is made.

Notwithstanding the provisions of the preceding paragraphs, the Minister of Finance upon recommendation of the Commissioner, after a public hearing shall have been held for this purpose may prescribe by regulations, limitations or ceilings for any of the itemized deductions under paragraphs (a) to (i) of this section: Provided, That for purposes of determining such ceilings or limitations, the Minister of Finance shall consider the following factors: (1) adequacy of the prescribed limits on the actual expenditure requirements of each particular industry; and (2) effects of inflation on expenditure levels: Provided, further, That no ceilings shall further be imposed on items of expense already subject to ceilings under present law.

(l) Personal exemptions allowable to individuals. – (1) Basic personal exemption. – For the purpose of determining the tax provided in Section 21(a) of this Title, there shall be allowed a basic personal exemption as follows:

For single individual or married individual judicially decreed as legally separated with no qualified dependents	–	₱6,000
For head of a family		₱ 7,500
For married individual		₱12,000

Provided, That husband and wife electing to compute their income tax separately shall be entitled to a personal exemption of ₱6,000 each.

For purposes of this paragraph, the term 'Head of Family' means an unmarried or legally separated man or woman with one or both parents, or with one or more brothers or sisters, or with one or more legitimate, recognized natural or legally adopted children living with and dependent upon him for their chief support, where such brothers or sisters or children are not more than twenty-one (21) years of age, unmarried and not gainfully employed or where such children, brothers or sisters, regardless of age are incapable of self-support because of mental or physical defect.

(2) Additional exemption

(A) Taxpayers with dependents. – A married individual or a head of family shall be allowed an additional exemption of Three thousand pesos (₱3,000) for each dependent: Provided, That the total number of dependents for which additional exemptions may be claimed shall not exceed four dependents: Provided, further, That an additional exemption of One thousand pesos (₱1,000) shall be allowed for each child who otherwise qualified as dependent prior to January 1, 1980; and Provided, finally, That the additional exemption for dependents shall be claimed by only one of the spouses in the case of married individuals electing to compute their income tax liabilities separately.

In case of legally separated spouses, additional exemptions may be claimed only by the spouse who was awarded custody of the child or children: Provided, That the total amount of additional exemptions that may be claimed by both shall not exceed the maximum additional exemptions herein allowed.

For purposes of this paragraph, a dependent means a legitimate, recognized natural or legally adopted child chiefly dependent upon and living with the taxpayer if such dependent is not more than twenty-one (21) years of age, unmarried and not gainfully employed or if such dependent, regardless of age, is incapable of self-support because of mental or physical defect.

(B) Taxpayers with gross compensation income not exceeding ₱20,000. – A special additional exemption of Four thousand pesos (₱4,000) shall be allowed if the gross income of a single, married or legally separated individual, or head of family does not exceed the aggregate amount of ₱20,000: Provided, That in case married individuals elect to compute their income tax separately, the spouse claiming the additional exemption for dependent children shall be entitled to the special additional exemption of ₱4,000.

(3) Change of status. – If the taxpayer married or should have additional dependents as defined above during the taxable year, the taxpayer may claim the corresponding personal and additional exemption, as the case may be, in full for such year.

If the taxpayer should die during the taxable year, his estate may still claim the personal and additional exemptions for himself and his dependents as if he died at the close of such year.

If the spouse or any of the dependents should die or if any of such dependents becomes twenty-one years old during the taxable year, the taxpayer may still claim the same exemptions as if they died, or if such dependents become twenty-one years old at the close of such year.

(4) Allowances for adjustment. – Upon the recommendation of the Minister of Finance, the President shall automatically adjust not more often than once every three years, the personal and additional exemptions taking into account, among others, the movement in consumer price indices, levels of minimum wages, and bare subsistence levels.

(5) Personal exemptions allowable to nonresident alien individuals. – A nonresident alien individual engaged in trade or business in the Philippines shall be entitled to personal exemption in the amount equal to the exemptions allowed by the income tax law of the country of which he is a subject or citizen to citizens

of the Philippines not residing in such country, but not to exceed the amount fixed in this section as exemption for citizens or residents of the Philippines: Provided, That said nonresident alien should file a true and accurate return of the total income received by him from all sources in the Philippines, as required by this Title.

(m) Exemption and deduction allowable from foreign source income derived by nonresident citizens. – In computing the taxable income subject to tax under Section 21(b) the following deductions shall be allowed from gross income derived by a nonresident citizen from sources without the Philippines:

(1) An allowance for personal exemption in the amount of two thousand dollars (U.S. $2,000), if the person making the return is a single or a married person legally separated from his or her spouse; or four thousand dollars (U.S. $4,000), if the person making the return is married or head of the family, as defined in Section 30 of this Code; and
(2) The total amount of the national income tax actually paid to the government of the foreign country of his residence. For this purpose, every nonresident citizen availing of this deduction shall attach to his Philippine income tax return a copy of the income tax return he has filed with the government of the foreign country of his residence."

SECTION 12. Section 34, paragraphs (g) and (h) of the National Internal Revenue Code, as amended, are hereby repealed.

SECTION 13. Section 35, paragraphs (a) and (b) of the National Internal Revenue Code, as amended, are hereby amended to read as follows:

"Section 35. Determination of amount of and recognition of gain or loss.

(a) Computation of gain or loss. – The gain from the sale or other disposition of property shall be the excess of the amount realized therefrom over the basis or adjusted basis for determining gain and the loss shall be the excess of the basis or adjusted basis for determining loss over the amount realized. The amount realized from the sale or other disposition of property shall be the sum of money received plus the fair market value of the property (other than money) received.

(b) Basis for determining gain or loss from sale or disposition of property. – The basis of property shall be (1) The cost thereof in the case of property acquired on or before March 1, 1913, if such property was acquired by purchase; or

(2) The fair market price or value as of the date of acquisition if the same was acquired by inheritance; or

(3) If the property was acquired by gift the basis shall be the same as if it would be in the hands of the donor or the last preceding owner by whom it was not acquired by gift, except that if such basis is greater than the fair market value of the property at the time of the gift, then for the purpose of determining loss the basis shall be such fair market value; or

(4) If the property, other than capital asset referred to in Section 21(e), was acquired for less than an adequate consideration in money or money's worth, the

basis of such property is (i) the amount paid by the transferee for the property or (ii) the transferor's adjusted basis at the time of the transfer whichever is greater.

(5) The basis as defined in paragraph (c)(5) of this section if the property was acquired in a transaction where gain or loss is not recognized under paragraph (c)(2) of this section."

SECTION 14. Section 37, paragraph (b) of the National Internal Revenue Code, as amended, is hereby further amended to read as follows:

"(b) Taxable income from sources within the Philippines. – (1) General rule. – From the items of gross income specified in subsection (a) of this section, there shall be deducted the expenses, losses, and other deductions properly allocated thereto and a ratable part of expenses, interests, losses, and other deductions effectively connected, with the business or trade conducted exclusively within the Philippines which cannot definitely be allocated to some items or class of gross income: Provided, That such items of deductions shall be allowed only if fully substantiated by all the information necessary for its calculation. The remainder, if any, shall be treated in full as taxable income from sources within the Philippines.

(2) Exception. – No deductions for interest paid or incurred abroad shall be allowed from the item of gross income specified in subsection (a) unless indebtedness was actually incurred to provide funds for use in connection with the conduct or operation of trade or business in the Philippines."

SECTION 15. Section 43 of the National Internal Revenue Code, as amended, is hereby amended to read as follows:

"Section 43. Installment basis. – (a) Sales of dealers in personal property. – Under regulations prescribed by the Minister of Finance, a person who regularly sells or otherwise disposes of personal property on the installment plan may return as income therefrom in any taxable year that proportion of the installment payments actually received in that year which the gross profit realized or to be realized when payment is completed, bears to the total contract price.

(b) Sales of realty and casual sales of personalty. – In the case (1) of a casual sale or other casual disposition of personal property (other than property of a kind which would properly be included in the inventory of the taxpayer if on hand at the close of the taxable year), for a price exceeding one thousand pesos, or (2) of a sale or other disposition of real property, if in either case the initial payments do not exceed twenty-five percent of the selling price, the income may under regulations prescribed by the Minister of Finance, be returned on the basis and in the manner above prescribed in this section. As used in this section the term 'initial payments' means the payments received in cash or property other than evidences of indebtedness of the purchaser during the taxable period in which the sale or other disposition is made.

(c) Sales of real property considered as capital asset by individuals. – An individual who sells or disposes of real property, considered as capital asset, and

is otherwise qualified to report the gain therefrom under paragraph (b) may pay the capital gains tax in installments under regulations to be promulgated by the Minister of Finance.

(d) Change from accrual to installment basis. – If a taxpayer entitled to the benefits of subsection (a) elects for any taxable year to report his taxable income on the installment basis, then in computing his income for the year of change or any subsequent year, amounts actually received during any such year on account of sales or other dispositions of property made in any prior year shall not be excluded."

SECTION 16. Section 45 of the National Internal Revenue Code, as amended, is hereby further amended to read as follows:

"Section 45. Individual returns. – (a) Requirements (1) Except as provided in paragraph (2) of this Section, the following individuals are required to file an income tax return:

Every Filipino citizen, whether residing in the Philippines or abroad,
Every alien residing in the Philippines, regardless of whether the gross income was derived from sources within or without the Philippines; and
Every nonresident alien engaged in trade or business in the Philippines.

(2) The following individuals shall not be required to file an income tax return:

Individuals whose gross income does not exceed his total personal and additional exemptions for dependents under Section 30: Provided, That a citizen of the Philippines engaged in business or practice of profession within or without the Philippines and any alien individual engaged in business or practice of profession within the Philippines, shall file an income tax return, regardless of the amount of gross income.
Regardless of the amount of income, the following individuals shall not also be required to file an income tax return:

(i) Individuals whose income consists solely of interest, prizes, winnings, royalties, dividends, share of an individual person in a partnership referred to under Section 21(c);

(ii) Alien employees of regional or area headquarters of multinational corporations with respect to income referred to under Section 22(c);

(iii) Aliens employed by offshore banking units with respect to income under Section 22(d)

(iv) Alien employees of service contractors and subcontractors engaged in petroleum exploration in the Philippines with respect to income referred to under Section 22(e); and

(v) Other individuals not required to file an income tax return, pursuant to other provisions of this Code and other laws, general or special.

(3) The income tax return shall be filed in duplicate and shall set forth specifically the gross amount of income from all sources, except that of nonresident aliens engaged in trade or business in the Philippines which shall contain only such income derived from sources within the Philippines.

(b) Where to file. – Except in cases where the Commissioner of Internal Revenue otherwise permits, the return shall be filed with the Revenue District Officer, Collection Agent, or duly authorized Treasurer of the Municipality in which such person has his legal residence or principal place of business in the Philippines, or if there be no legal residence or place of business in the Philippines, then with the Office of the Commissioner of Internal Revenue.

(c) When to file. – (1) The return of any individual specified above shall be filed on or before the fifteenth day of April of each year covering income for the preceding taxable year.

(2) Individuals subject to tax on capital gains:

(i) From the sale or exchange of shares of stock not traded thru a local stock exchange as prescribed under Section 21(d)(1) shall file a return within thirty days after each transaction and a final consolidated return on or before April 15 of each year covering all stock transactions of the preceding taxable year.

(ii) From the sale or dispostion of real property under Section 21(e) shall file a return within thirty days following each sale or other disposition.

(d) Husband and Wife. – In the case of married persons, whether citizens, resident or nonresident aliens, only one return for the taxable year shall be filed by either spouse to cover the income of both spouses, but where it is impracticable for the spouses to file one return, each spouse may file a separate return of income but the returns so filed shall be consolidated by the Bureau for purposes of verification.

(e) Return of parent to include income of children. The income of unmarried minors derived from property received from a living parent shall be included in the return of the parent, except (1) when the gift tax has been paid on such property, or (2) when the transfer of such property is exempt from gift tax.

(f) Persons under disability. – If the taxpayer is unable to make his own return, the return may be made by his duly authorized agent or representative or by the guardian or other person charged with the care of his person or property, the principal and his representative or guardian assuming the responsibility of making the return and incurring penalties provided for erroneous, false or fraudulent returns.

(g) Signature presumed correct. – The fact that an individual's name is signed to a filed return shall be prima facie evidence for all purposes that the return was actually signed by him."

SECTION 17. Section 46 of the National Internal Revenue Code, as amended, is hereby further amended to read as follows:

"Section 46. Corporation returns. – (a) Requirements. Every corporation, subject to the tax herein imposed, except foreign corporations not engaged in trade or business in the Philippines shall render, in duplicate, a true and accurate quarterly income tax return and final or adjustment return in accordance with the provisions of Chapter IX of this Title. The return shall be filed by the president, vice-president or other principal officer, and shall be sworn to by such officer and by the treasurer or assistant treasurer.

(b) Taxable year of corporation. – A corporation may employ either calendar year or fiscal year as a basis for filing its annual income tax return: Provided, That the corporation shall not change the accounting period employed without prior approval from the Commissioner of Internal Revenue in accordance with the provisions of Section 41 of this Code.

(c) Return of corporation contemplating dissolution. – Every corporation shall within thirty days after the adoption by the corporation of a resolution or plan for the dissolution of the corporation or for the liquidation of the whole or any part of its capital stock, including corporations which have been notified of possible involuntary dissolution by the Securities and Exchange Commission, render a correct return to the Commissioner of Internal Revenue, verified under oath, setting forth the terms of such resolution or plan and such other information as the Minister of Finance shall, by regulations, prescribe. The dissolving corporation prior to the issuance of the Certificate of Dissolution by the Securities and Exchange Commission shall secure a certificate of tax clearance from the Bureau of Internal Revenue which certificate shall be submitted to the Securities and Exchange Commission.

(d) Return on capital gains realized from sale of shares of stocks. – Every corporation deriving capital gains from the sale or exchange of shares of stock not traded thru a local stock exchange as prescribed under Sections 24(e)(2)(A), 25(a)(6)(C)(i) and 25(b)(5)(C)(i), shall file a return within thirty days after each transaction and a final consolidated return of all transactions during the taxable year on or before the fifteenth day of the fourth month following the close of the taxable year."

SECTION 18. Section 50 of the National Internal Revenue Code, as amended, is hereby further amended to read as follows:

"Section 50. Payment and assessment of income tax for individuals and corporations.

(a) Payment of tax. – (1) In general. – The total amount of tax imposed by this Title shall be paid by the person subject thereto at the time the return is filed. In the case of tramp vessels, the shipping agents and/or the husbanding agents, and in their absence, the captains thereof are required to file the return herein provided and pay the tax due thereon before their departure. Upon failure of the said agents or captains to file the return and pay the tax, the Bureau of Customs is hereby authorized to hold the vessel and prevent its departure until proof of payment of the tax is presented or a sufficient bond is filed to answer for the tax due.

(2) Installment payment. – When the tax due is in excess of ₱2,000, the taxpayer other than a corporation may elect to pay the tax in 2 equal installments in which case, the first installment shall be paid at the time the return is filed and the second installment, on or before July 15 following the close of the calendar year. If any installment is not paid on or before the date fixed for its payment, the whole amount of the tax unpaid becomes due and payable, together with the delinquency penalties.

(3) Installment payment for nonresident citizens. – When the tax due from a nonresident citizen is in excess of U. S. $200, the taxpayer may elect to pay the tax in 2 equal installments in which case, the first installment shall be paid at the time the return is filed and the second installment, on or before July 15 following the close of the calendar year. If any installment is not paid on or before the date fixed for its payment the whole amount of the tax unpaid becomes due and payable together with the delinquency penalties.

(4) Payment of capital gains tax. – The total amount of tax imposed and prescribed under Section 21(d)(1), 21(e), 24(e)(2)(A), 25(a)(6)(C)(i), and 25(b)(5)(C)(i) shall be paid on the date the return prescribed therefor is filed by the person liable thereto: Provided, That if the seller submits proof of his intention to avail himself of the benefit of exemption of capital gains under existing special laws, no such payments shall be required: Provided, further, That in case of failure to qualify for exemption under such special laws and implementing rules, the tax due on the gains realized from the original transaction shall immediately become due and payable, and subject to the penalties prescribed under applicable provisions of this Code: and Provided, finally, That if the seller, having paid the tax, submits such proof of intent within 6 months from the registration of the document transferring real property, he shall be entitled to a refund of such tax upon verification of his compliance with the requirements for such exemption.

In case the taxpayer elects and is qualified to report the gain by installments under Section 43 of this Code, the tax due from each installment payment shall be paid within 30 days from the receipt of such payments.

No registration of any document transferring real property shall be effected by the Register of Deeds unless the Commissioner of Internal Revenue or his duly authorized representative has certified that such transfer has been reported and the tax herein imposed, if any, has been paid.

(b) Assessment and payment of deficiency tax. – After the return is filed, the Commissioner of Internal Revenue shall examine it and assess the correct amount of the tax. The tax or deficiency income tax so discovered shall be paid upon notice and demand from the Commissioner.

As used in this Chapter, in respect of a tax imposed by this title, the term 'deficiency' means:

(1) The amount by which the tax imposed by this Title exceeds the amount shown as the tax by the taxpayer upon his return; but the amount so shown on the return shall first be increased by the amounts previously assessed (or collected without assessment) as a deficiency, and decreased by the amount previously abated, credited, returned, or otherwise repaid in respect of such tax; or

(2) If no amount is shown as the tax by the taxpayer upon his return, or if no return is made by the taxpayer, then the amount by which the tax exceeds the amounts previously assessed (or collected without assessment) as a deficiency; but such amounts previously assessed or collected without assessment shall first be decreased by the amounts previously abated, credited, returned, or otherwise repaid in respect of such tax."

SECTION 19. Section 51 of the National Internal Revenue Code, as amended, is hereby further amended to read as follows:

"Section 51. Withholding of tax at source

(a) Withholding of final tax on certain incomes. – The tax imposed or prescribed by Sections 21(c), 21(d)(2); 22(a)(2), (b), (c), (d), (e); 24(e)(1), (e)(2)(B), (e)(3); and 25(a)(4), (a)(5), (a)(6)(A), (a)(6)(B), a(6)(C)(ii), (b)(1), (b)(2), (b)(3), (b)(4), (b)(5)(A), (b)(5)(B), (b)(5)(C)(ii) of this Code on specified items of income shall be withheld by payor-corporation and/or person and paid in the same manner and subject to the same conditions as provided in Section 52 of the National Internal Revenue Code, as amended.

(b) Withholding of creditable tax at source. – The Minister of Finance may upon the recommendation of the Commissioner of Internal Revenue, require also the withholding of a tax on the items of income payable to persons (natural or juridical) residing in the Philippines by payor-corporation/persons as provided for by law at the rate of not less than 2-1/2% but not more than 35% thereof which shall be credited against the income tax liability of the taxpayer for the taxable year.

(c) Tax-free covenant bonds. – In any case where bonds, mortgages, deeds of trust, or other similar obligations of domestic or resident foreign corporations, contain a contract or provision by which the obligor agrees to pay any portion of the tax imposed in this Title upon the obligee or to reimburse the obligee for any portion of the tax or to pay the interest without deduction for any tax which the obligor may be required or permitted to pay thereon or to retain therefrom under any law of the Philippines, or any state or country, the obligor shall deduct and withhold a tax equal to 30% of the interest or other payments upon those bonds, mortgages, deeds of trust, or other obligations, whether the interest or other payments are payable annually or at shorter or longer periods, and whether the bonds, securities or obligations had been or will be issued or marketed, and the interest or other payment thereon paid, within or without the Philippines, if the interest or other payment is payable to a nonresident alien or to a citizen or resident of the Philippines."

SECTION 20. Section 56 of the National Internal Revenue Code, as amended, is hereby further amended to read as follows:

"Section 56. Exemption allowed to estates and trusts. – For the purpose of the tax provided for in this Title, there shall be allowed an exemption of ₱6,000 from the income of the estate or trust."

SECTION 21. Sections 61 to 69 of the National Internal Revenue Code, as amended, are hereby repealed.

SECTION 22. Section 82, paragraphs (a) and (c)(2) of the National Internal Revenue Code, as amended, is hereby further amended to read as follows:

> "(a) Requirements of withholding. – Every employer making payment of wages shall deduct and withhold upon such wages a tax determined in accordance with regulations to be prepared and promulgated by the Minister of Finance."
>
> "(2) Employees. – The amount deducted and withheld under this Chapter during any calendar year shall be allowed as a credit to the recipient of such income against the tax imposed under Section 21(a) of this Title. Refunds and credits in cases of excessive withholding shall be granted under rules and regulations promulgated by the Minister of Finance.
>
> Any excess of the taxes withheld over the tax due from the taxpayer shall be returned or credited within three months from the fifteenth day of April. Refunds or credits made after such time shall earn interest at the rate of six per cent (6%) per annum starting after the lapse of the three-month period to the date the refund or credit is made.
>
> Refunds shall be made upon warrants drawn by the Commissioner of Internal Revenue or by his duly authorized representative without the necessity of counter-signature by the Chairman, Commission on Audit or the latter's duly authorized representatives as an exception to the requirement prescribed by Section 621 of the Revised Administrative Code."

SECTION 23. Section 103 of the National Internal Revenue Code, as amended, is hereby further amended to read as follows:

> "Section 103. Transfer for less than adequate and full consideration. – Where property, other than real property referred to in Section 21(e), is transferred for less than an adequate and full consideration in money or money's worth, then the amount by which the fair market value of the property exceeded the value of the consideration shall, for the purpose of the tax imposed by this Chapter, be deemed a gift, and shall be included in computing the amount of gifts made during the calendar year."

SECTION 24. The phrase "net income" and "net taxable income" appearing in any provisions of Title II of the National Internal Revenue Code, as amended, is hereby changed to "taxable income".

SECTION 25. The Section 50 of the National Internal Revenue Code, as amended, which reads as follows:

> "Section 50. Verification of Return. – The income tax return shall contain a declaration that the taxpayer or his authorized representative made it under the penalties of perjury."

is hereby deleted, the same being covered by Section 301 of this Code.

SECTION 26. The Commissioner of Internal Revenue shall renumber sequentially, codify and consolidate all internal revenue laws embodied in the present National Internal Revenue Code, as amended by various Executive Orders, including this Executive Order, and other pertinent issuances, and to cause the publication thereof.

SECTION 27. All laws, orders, issuances, rules and regulations or any part thereof inconsistent with this Executive Order are hereby repealed or modified accordingly.

SECTION 28. Effectivity. – The provisions of Sections 21(c), 24(e)(1), 24(e)(4), 25(a)(6)(A), 25(a)(6)(D) and Section 103 of the National Internal Revenue Code, as amended by this Executive Order, shall take effect on August 1, 1986. The other provisions of the National Internal Revenue Code, as amended by this Executive Order, shall take effect beginning with the calendar year 1986, except that in the case of corporations filing their income tax returns on a fiscal year basis, the same shall take effect on fiscal years beginning on or after July 1, 1986.

Done in the City of Manila, this 31st day of July, in the year of Our Lord, nineteen hundred and eighty-six.

(Sgd.) **CORAZON C. AQUINO**
President of the Philippines

By the President
(Sgd.) **JOKER P. ARROYO**
Executive Secretary

Source: **Presidential Management Staff**

Office of the President of the Philippines. (1986). *[Executive Order Nos.: 1 - 170]*. Manila: Presidential Management Staff.

MALACAÑANG
MANILA

EXECUTIVE ORDER NO. 38
AMENDING SECTION 2307 OF THE TARIFF AND CUSTOMS CODE OF THE PHILIPPINES, AS AMENDED.

WHEREAS, in conformity with the present administration's thrust to increase and accelerate revenue collection, there is a need to empower the District Collector of Customs to settle seizure cases which will expedite the collection of revenue and hasten the release of cargoes under seizure proceedings;

WHEREAS, the authority given to the District Collector of Customs in Seizure cases, subject to the approval of the Commissioner, will benefit importers and exporters in the form of reduction in expenditures and the assurance of the return of their investments which have been tied up with their importations.

NOW, THEREFORE, I, CORAZON C. AQUINO, President of the Philippines, do hereby order:

SECTION 1. Section 2307 of the Tariff and Customs Code of the Philippines is hereby amended to read as follows:

> "Section 2307. Settlement of Case by Payment of Fine or Redemption of Forfeited Property. – Subject to approval of the Commissioner, the district collector may while the case is still pending, except when there is fraud, accept the settlement of any seizure case provided that the owner, importer, exporter, or consignee or his agent shall offer to pay to the collector a fine imposed by him upon the property, or in case of forfeiture, the owner, exporter, importer or consignee or his agent shall offer to pay for the domestic market value of the seized article. The Commissioner may accept the settlement of any seizure case on appeal in the same manner.
>
> Upon payment of the fine as determined by the district collector which shall be in an amount not less than twenty percentum (20%) nor more than eighty percentum (80%) of the landed cost of the seized imported article or the F.O.B. value of the seized article for export, or payment of the domestic market value, the property shall be forthwith released and all liabilities which may or might attach to the property by virtue of the offense which was the occasion of the seizure and all liability which might have been incurred under any cash deposit or bond given by the owner or agent in respect to such property shall thereupon be deemed to be discharged.
>
> Settlement of any seizure case by payment of the fine or redemption of forfeited property shall not be allowed in any case where the importation is absolutely prohibited or where the release of the property would be contrary to law."

SECTION 2. All laws, rules and regulations, issuances or parts thereof inconsistent with this Executive Order are hereby repealed or modified accordingly.

SECTION 3 This Executive Order shall take effect immediately.

Done in the City of Manila, this 6th day of August, in the year of Our Lord, nineteen hundred and eighty-six

(Sgd.) **CORAZON C. AQUINO**
President of the Philippines

By the President:
(Sgd.) **JOKER P. ARROYO**
Executive Secretary

Source: **Presidential Management Staff**

Office of the President of the Philippines. (1986). *[Executive Order Nos.: 1 - 170]*. Manila: Presidential Management Staff.

MALACAÑANG
MANILA

EXECUTIVE ORDER NO. 39
ENLARGING THE POWERS AND FUNCTIONS OF THE COMMISSIONER OF CUSTOMS

I, CORAZON C. AQUINO, President of the Philippines, do hereby order:

SECTION 1. In addition to the powers and functions of the Commissioner of Customs, he is hereby authorized, subject to the Civil Service Law and its implementing rules and regulations:

a) To appoint all Bureau personnel, except those appointed by the President;
b) To discipline, suspend, dismiss or otherwise penalize erring Bureau officers and employees;
c To act on all matters pertaining to promotion, transfer, detail, reassignment, reinstatement, reemployment and other personnel action, involving officers and employees of the Bureau of Customs.

SECTION 2. The Ministry of the Budget and Management and the Civil Service Commission shall extend full cooperation and assistance to the Commissioner of Customs in carrying out the provisions of this Executive Order.

SECTION 3. All laws, orders, issuances, rules and regulations or parts thereof inconsistent with this Executive Order are hereby repealed or modified accordingly.

SECTION 4. This Executive Order shall take effect immediately.

Done in the City of Manila, this 6th day of August, in the year of Our Lord, nineteen hundred and eighty-six.

(Sgd.) **CORAZON C. AQUINO**
President of the Philippines

By the President:
(Sgd.) **JOKER P. ARROYO**
Executive Secretary

Source: **Presidential Management Staff**

Office of the President of the Philippines. (1986). *[Executive Order Nos.: 1 - 170].* Manila: Presidential Management Staff.

MALACAÑANG
MANILA

EXECUTIVE ORDER NO. 40
FURTHER AMENDING SECTION 163 OF THE NATIONAL INTERNAL REVENUE CODE, AS AMENDED

WHEREAS, books are indispensable in the pursuit of knowledge and education;

WHEREAS, imported textbooks, pocketbooks and bestsellers, and other similar publications are classified in the National Internal Revenue Code, as amended, as other articles subject to a sales tax higher than the sales tax of essential articles;

WHEREAS, the reclassification of imported books as essential articles will result in the reduction of their prices, and thereby promote their wide readership and use in our society;

NOW, THEREFORE, I, CORAZON C. AQUINO, President of the Philippines, do hereby order:

SECTION 1. Section 163, paragraph (2), of the National Internal Revenue Code, as amended, is hereby further amended by adding in the enumeration therein subparagraph (o) to read as follows:

> "(o) Books (such as textbooks, pocketbooks, and bestsellers, including similar publications). The term books includes any species of publication which the author selects to embody his literary product."

SECTION 2. The Minister of Finance, upon recommendation of the Commissioner of Internal Revenue, shall promulgate the necessary rules and regulations to implement this Executive Order.

SECTION 3. All laws, orders, issuances, and rules and regulations or parts thereof inconsistent with this Executive Order are hereby repealed or modified accordingly.

SECTION 4. This Executive Order shall take effect immediately.

Done in the City of Manila, this 22nd day of August, in the year of Our Lord, nineteen hundred and eighty-six

(Sgd.) **CORAZON C. AQUINO**
President of the Philippines

By the President:
(Sgd.) **JOKER P. ARROYO**
Executive Secretary

Source: **Presidential Management Staff**

Office of the President of the Philippines. (1986). *[Executive Order Nos.: 1 - 170]*. Manila: Presidential Management Staff.

MALACAÑANG
MANILA

EXECUTIVE ORDER NO. 41
DECLARING A ONE-TIME TAX AMNESTY COVERING UNPAID INCOME TAXES FOR THE YEARS 1981 TO 1985

WHEREAS, to raise more revenues, certain income tax evaders should be encouraged to declare voluntarily their untaxed income and pay the tax due thereon;

WHEREAS, the grant of a tax amnesty to the said income tax evaders will greatly contribute to the attainment of the aforesaid objective;

WHEREAS, to impress upon the taxpayers that henceforth the government will vigorously enforce the tax laws, no further amnesties shall be granted;

NOW, THEREFORE, I, CORAZON C. AQUINO, President of the Philippines, do hereby order:

SECTION 1. SCOPE OF AMNESTY. – A one-time tax amnesty covering unpaid income taxes for the years 1981 to 1985 is hereby declared.

SECTION 2. CONDITIONS OF THE AMNESTY. – A taxpayer who wishes to avail himself of the tax amnesty shall, on or before October 31, 1986:

a) file a sworn statement declaring his net worth as of December 31, 1985;
b) file a certified true copy of his statement declaring his net worth as of December 31, 1980 on record with the Bureau of Internal Revenue, or if no such record exists, file a statement of said net worth therewith, subject to verification by the Bureau of Internal Revenue;
c) file a return and pay a tax equivalent to ten per cent (10%) of the increase in net worth from December 31, 1980 to December 31, 1985; Provided, That in no case shall the tax be less than ₱5,000.00 for individuals and P10,000.00 for juridical persons.

SECTION 3. COMPUTATION OF NET WORTH. – In computing the net worths referred to in Section 2 hereof, the following rules shall govern:

a) Non-cash assets shall be valued at acquisition cost.
b) Foreign currencies shall be valued at the rates of exchange prevailing as of the date of the net worth statement.

SECTION 4. EXCEPTIONS. – The following taxpayers may not avail themselves of the amnesty herein granted:

a) Those falling under the provisions of Executive Order Nos. 1, 2 and 14;
b) Those with income tax cases already filed in Court as of the effectivity hereof;
c) Those with criminal cases involving violations of the income tax law already filed in court as of the effectivity hereof;
d) Those that have withholding tax liabilities under the National Internal Revenue Code, as amended, insofar as the said liabilities are concerned;

e Those with tax cases pending investigation by the Bureau of Internal Revenue as of the effectivity hereof as a result of information furnished under Section 316 of the National Internal Revenue Code, as amended;
f) Those with pending cases involving unexplained or unlawfully acquired wealth before the Sandiganbayan;
g) Those liable under Title Seven, Chapter Three (Frauds, Illegal Exactions and Transactions) and Chapter Four (Malversation of Public Funds and Property) of the Reversed Penal Code, as amended.

SECTION 5. SCHEDULE OF PAYMENT OF AMNESTY TAX. – The amnesty tax imposed herein shall be paid as follows:

a) If ₱50,000.00 or less, the tax must be paid at the time of the filing of the return, but not later than October 31, 1986;
b) If more than ₱50,000.00 but not exceeding ₱500,000.00 the tax may be paid in two equal installments: the first, upon the filing of the return but not later than October 31, 1986; and the second, on or before November 30, 1986.
c) If more than ₱500,000.00, the tax may be paid in three equal installments: the first, upon the filing of the return but not later than October 31, 1986; the second, on or before November 30, 1986; and last, on or before December 31, 1986.

If the amnesty tax or any installment thereof is not paid on its due date, a surcharge equivalent to 25% of the unpaid amount shall be collected. The unpaid tax or installment and the surcharge shall be paid not later than one month from the due date thereof, otherwise the application for tax amnesty shall be denied. No case hereunder shall result in a refund.

SECTION 6. IMMUNITIES AND PRIVILEGES. – Upon full compliance with the conditions of the tax amnesty and the rules and regulations issued pursuant to this Executive Order, the taxpayer shall enjoy the following immunities and privileges:

a) The taxpayer shall be relieved of any income tax liability on any untaxed income from January 1, 1981 to December 31, 1985, including increments thereto and penalties on account of the non-payment of the said tax. Civil, criminal or administrative liability arising from the non-payment of the said tax, which are actionable under the National Internal Revenue Code, as amended, are likewise deemed extinguished.
b The taxpayer's tax amnesty declaration shall not be admissible in evidence in all proceedings before judicial, quasi-judicial or administrative bodies, in which he is a defendant or respondent, and the same shall not be examined, inquired or looked into by any person, government official, bureau or office.
c) The books of account and other records of the taxpayer for the period from January 1, 1981 to December 31, 1985 shall not be examined for income tax purposes: Provided, That the Commissioner of Internal Revenue may authorize in writing the examination of the said books of accounts and other records to verify the validity or correctness of a claim for grant of any tax refund, tax credit (other than refund on credit of withheld taxes on wages), tax incentives, and/or exemptions under existing laws.

SECTION 7. TREATMENT OF UNEXPLAINED INCREASE IN NETWORTH AFTER DECEMBER 31, 1985. – The net worth of the taxpayer as declared in the statement filed by him pursuant to Section 2(a) hereof shall be considered as his true net worth as of January 1, 1986 for purposes of determining his future tax liabilities. Any unexplained increase in his net worth after January 1, 1986 shall be considered taxable income in the year when such increase was established or discovered.

SECTION 8. UNLAWFUL DIVULGENCE OF AMNESTY TAX RETURN AND STATEMENT OF ASSETS AND LIABILITIES. Except as otherwise provided herein, it shall be unlawful for any person having knowledge of the tax amnesty declaration containing the statement of assets, liabilities and net worth filed pursuant hereto, to disclose any information relative to such declaration, and any violation hereof shall subject the offender to a fine in the amount of not less than FIVE THOUSAND PESOS (₱5,000.00) or imprisonment of not less than two (2) years nor more than five (5) years, or both.

Any officer or employee of the Bureau of Internal Revenue or any government entity who inquires, questions or attempts to inquire into the tax amnesty declaration filed by any taxpayer pursuant to this Executive Order shall be guilty of grave misconduct for which he may summarily be dismissed from the service.

SECTION 9. The Minister of Finance, upon the recommendation of the Commissioner of Internal Revenue, shall promulgate the necessary rules and regulations to implement this Executive Order.

SECTION 10. Upon expiration of the period of this amnesty, no further income tax amnesty shall be granted.

SECTION 11. This Executive Order shall take effect immediately.

Done in the City of Manila, this 22nd day of August, in the year of Our Lord, nineteen hundred and eighty-six

(Sgd.) **CORAZON C. AQUINO**
President of the Philippines

By the President:
(Sgd.) **JOKER P. ARROYO**
Executive Secretary

Source: **Presidential Management Staff**

Office of the President of the Philippines. (1986). *[Executive Order Nos.: 1 - 170]*. Manila: Presidential Management Staff.

MALACAÑANG
MANILA

EXECUTIVE ORDER NO. 42
PROCLAIMING A ONE-TIME REAL PROPERTY TAX AMNESTY SUBJECT TO CERTAIN CONDITIONS

WHEREAS, there is a substantial amount of revenue in the form of delinquent real property taxes due and collectible by the government;

WHEREAS, the grant of tax amnesty to certain delinquent real property taxpayers would not only encourage settlement of the unpaid real property taxes but also accelerate the collection thereof;

WHEREAS, to ensure that henceforth real property tax laws would be complied with strictly, no further real property tax amnesty shall be granted;

NOW, THEREFORE, I, CORAZON C. AQUINO, President of the Philippines, do hereby order:

SECTION 1. A one-time real property tax amnesty is hereby granted to real property taxpayers delinquent in the payment of real property taxes payable as of December 31, 1985 with respect to the following real properties:

Those which are undeclared and subject to back taxes;

Those which are declared but the real property taxes thereon have not been paid; and

Those included in public auctions conducted by local governments but were not purchased by private persons or entities.

Fifty percentum (50%) of the accumulated delinquent real property taxes, and the entire amount of penalties as of December 31, 1985 shall be condoned. Subject to such rules and regulations as may be promulgated by the Minister of Finance, the amount due under this amnesty may be paid in installments. Should any installment not be paid on its due date, the total unpaid balance of the delinquent real property taxes and the entire amount of penalties shall become automatically due and demandable and shall be enforced in accordance with law.

SECTION 2. The amnesty for delinquent real property taxpayers shall not apply to any of the following:

Delinquent real properties which have been disposed of at public auction to satisfy the real property tax delinquencies; and

Real properties subjects of pending cases in court for real property tax delinquencies;

Real properties with tax delinquencies which are being paid pursuant to a compromise agreement.

No public auction of delinquent real properties shall be held during the period of this amnesty.

SECTION 3. The application for the real property tax amnesty shall be filed in the form prescribed by the Minister of Finance at the Office of the Treasurer of the local government unit where the real property is situated.

SECTION 4. Any taxpayer who avails himself of this tax amnesty shall be exempt from any civil, criminal and administrative liability arising from violation of the Real Property Tax Code but only with respect to real properties declared under this amnesty.

SECTION 5. The amnesty granted herein may be availed of only until December 31, 1986. Thereafter, no further real property tax amnesty shall be granted and the administrative or judicial remedies provided for by law to collect the delinquent real property taxes shall be strictly enforced.

SECTION 6. The Minister of Finance shall promulgate the necessary rules and regulations to implement this Executive Order.

SECTION 7. All laws, orders, issuance, rules and regulations or parts thereof which are inconsistent with the provisions of this Executive Order are hereby repealed or modified accordingly.

SECTION 8. This Executive Order shall take effect immediately.

DONE in the City of Manila, this 22nd day of August, in the Year of Our Lord, nineteen hundred and eighty-six.

(Sgd.) **CORAZON C. AQUINO**
President of the Philippines

By the President:
(Sgd.) **JOKER P. ARROYO**
Executive Secretary

Source: **Presidential Management Staff**

Office of the President of the Philippines. (1986). *[Executive Order Nos.: 1 - 170]*. Manila: Presidential Management Staff.

MALACAÑANG
MANILA

EXECUTIVE ORDER NO. 43
RESTRUCTURING THE PRIVATE MOTOR VEHICLE TAX

WHEREAS, there is a need to rationalize the structure of the tax on private motor vehicles by basing the same on the ability to pay of the owners thereof as indicated by the type and age of their vehicles;

NOW, THEREFORE, I, CORAZON C. AQUINO, President of the Philippines, do hereby order:

SECTION 1. The owners of motor vehicles classified as "private" shall, upon every annual registration, pay a private motor vehicle tax in accordance with the following schedule:

	VEHICULAR TYPE			
Age	Light (0-1600cc)	Medium (1601 cc-2800 cc)	Heavy (2801 cc & over)	Utility Vehicle (2700 Kg GW and below)
Current	₱1000	₱3000	₱6000	₱1000
1 year old	1000	3000	6000	1000
2 years old	1000	3000	6000	1000
3 years old	1000	3000	6000	1000
4 years old	1000	2400	6000	1000
5 years old	1000	2400	6000	1000
Over 5 years old	700	1200	2800	900

SECTION 2. The Minister of Transportation and Communications shall issue the necessary rules and regulations to implement the provisions of this Executive Order.

SECTION 3. All laws, orders, issuances, rules and regulations or parts thereof inconsistent with this Executive Order are hereby repealed or modified accordingly.

SECTION 4. This Executive Order shall take effect on January 1, 1987.

Done in the City of Manila, this 22nd day of August, in the year of Our Lord, nineteen hundred and eighty-six.

(Sgd.) **CORAZON C. AQUINO**
President of the Philippines

By the President:
(Sgd.) **JOKER P. ARROYO**
Executive Secretary

Source: **Presidential Management Staff**

Office of the President of the Philippines. (1986). *[Executive Order Nos.: 1 - 170].* Manila: Presidential Management Staff.

MALACAÑANG
MANILA

EXECUTIVE ORDER NO. 44
AUTHORIZING THE BUREAU OF INTERNAL REVENUE TO ACCEPT COMPROMISE PAYMENTS ON DELINQUENT ACCOUNTS AND DISPUTED ASSESSMENTS PENDING AS OF DECEMBER 31, 1985.

WHEREAS, the records of the Bureau of Internal Revenue show that over the past ten years, a great number of cases involving disputed assessments and delinquent accounts for internal revenue taxes had accumulated;

WHEREAS, there is a need to clear this backlog of pending cases of disputed assessments and delinquent accounts;

WHEREAS, there is a further need to raise revenues;

NOW, THEREFORE, I, CORAZON C. AQUINO, President of the Philippines, do hereby order:

SECTION 1. The Commission of Internal Revenue or his duly authorized representatives may compromise any disputed assessment or delinquent account pending as of December 31, 1985, upon the payment of an amount equal to thirty percent (30%) of the basic tax assessed. In such cases, the Commissioner of Internal Revenue or his duly authorized representatives shall condone the corresponding interests and penalties.

SECTION 2. The Commissioner of Internal Revenue, should the circumstances warrant and upon the recommendation of a Committee created by him, may reduce the thirty percent (30%) compromise settlement rate referred to above, but in no case shall the final amount be lower than ten percent (10%) of the basic tax assessed.

SECTION 3. The Minister of Finance, upon recommendation of the Commissioner of Internal Revenue, shall promulgate the necessary rules and regulations to implement this Executive Order.

SECTION 4. Section 246 of the National Internal Revenue Code, as amended, is hereby suspended with respect to the disputed assessments and delinquent accounts referred to herein for the duration of the effectivity hereof.

SECTION 5. All laws, orders, issuances, rules and regulations or any part thereof inconsistent with this Executive Order is hereby repealed or modified accordingly.

SECTION 6. This Executive Order shall take effect immediately and shall remain effective until March 31, 1987.

Done in the City of Manila, this 4th day of September, in the year of Our Lord, nineteen hundred and eighty-six.

(SGD.) **CORAZON C. AQUINO**
President of the Philippines

By the President:
(SGD.) **JOKER P. ARROYO**
Executive Secretary

Source: **Presidential Management Staff**

Office of the President of the Philippines. (1986). *[Executive Order Nos.: 1 - 170]*. Manila: Presidential Management Staff.

MALACAÑANG
MANILA

EXECUTIVE ORDER NO. 45
AMENDING EXECUTIVE ORDER NO. 1042 ENTITLED "PROVIDING FOR AN INTERNAL REVENUE SERVICE CAREER SYSTEM IN THE BUREAU OF INTERNAL REVENUE AND FOR OTHER PURPOSES".

WHEREAS, the grant to revenue personnel of financial incentives based on performance and collection efficiency encourages productivity;

WHEREAS, the existing incentive system allows the grant of incentives even for automatic growth of collections which does not reflect a real increase in revenue collections;

WHEREAS, it is imperative that the said incentive system be revised to give real impetus to personnel performance and productivity;

NOW, THEREFORE, I, CORAZON C. AQUINO, President of the Philippines, do hereby order:

SECTION 1. Section 7 of Executive Order No. 1042 is hereby amended to read as follows:

> Section 7. The amount appropriated in the Bureau of Internal Revenue budget for Personnel Services shall be used for the implementation of this Executive Order. Any deficiency in the appropriation shall be funded from the BIR Special Fund hereinafter referred to as the Fund, which is hereby created out of the real increase in revenue collections over that of the immediately preceding year but not in excess of:
>
> For CY 1986, 10% of actual collections in excess of 8% of GNP for 1985;
> For CY 1987, 10% of actual collections in excess of 8.5% of GNP for 1987;
> For CY 1988, 10% of actual collections in excess of 9% of GNP for 1988;
> For CY 1989, 10% of actual collections in excess of 9.5% of GNP for 1989;
> For CY 1990, 10% of actual collections in excess of 10% of GNP for 1990;
> For CY 1991, 10% of actual collections in excess of 10.5% of GNP for 1991;
> For CY 1992, 10% of actual collections in excess of 11% of GNP for 1992;
> For CY 1993, 10% of actual collections in excess of 11.5% of GNP for 1993:
> For CY 1994 and thereafter, 10% of actual collections in excess of 12% of GNP for the applicable Calendar Year.

> As used in this Executive Order "real increase" is defined as the actual increase in revenue collections adjusted for such factors as inflation, net effect of new tax measures and other factors, as set forth in annual budgets approved by the Minister of Finance, upon the recommendation of the Commissioner of Internal Revenue.

The amount so determined shall be considered as receipts automatically appropriated and shall be made available for expenditures enumerated in Sections 4 and 5 of the Executive Order No. 1042 as well as expenses in connection with the establishment of the Internal Revenue Service Career System; Provided, that all income accruing to the Fund starting CY 1986 as herein provided shall be in addition to the unutilized balance standing to the credit of the BIR Special Fund created under Section 7 of E.O. 1042 as of the date of effectivity of this Order.

SECTION 2. All laws, orders, issuances, rules and regulations or parts thereof inconsistent with this Executive Order are hereby repealed or modified accordingly.

SECTION 3. Effectivity. This Order shall take effect immediately.

Done in the City of Manila, this 4th day of September, in the year of Our Lord, nineteen hundred and eighty-six.

(SGD.) **CORAZON C. AQUINO**
President of the Philippines

By the President:
(SGD.) **JOKER P. ARROYO**
Executive Secretary

Source: **Presidential Management Staff**

Office of the President of the Philippines. (1986). *[Executive Order Nos.: 1 - 170].* Manila: Presidential Management Staff.

MALACAÑANG
MANILA

EXECUTIVE ORDER NO. 46
GRANTING THE MINISTRY OF TOURISM, THROUGH THE PHILIPPINE TOURISM AUTHORITY (PTA), AUTHORITY TO ESTABLISH AND OPERATE A DUTY AND TAX FREE MERCHANDISING SYSTEM IN THE PHILIPPINES.

WHEREAS, as service facilities for tourists, the duty and tax free shops have generated foreign exchange and revenue;

WHEREAS, it is economically advantageous to continue and maintain the operation of duty and tax free shops and stores;

WHEREAS, the operation thereof is best left to the Government for more direct and effective control and regulation;

NOW, THEREFORE, I, CORAZON C. AQUINO, President of the Philippines, do hereby order:

SECTION 1. The Ministry of Tourism, through the Philippine Tourism Authority (PTA) is hereby authorized to establish a duty and tax free merchandising system in the Philippines to augment the service facilities for tourists and to generate foreign exchange and revenue for the government. Under this system, the Philippine Tourism Authority shall have the exclusive authority to operate stores and shops that would sell, among others, tax and duty free merchandise, goods and articles, in international airports and sea ports throughout the country in accordance with the rules and regulations issued by the Ministry of Tourism. In the event that the operation of the stores is to be contracted to private parties, the award thereof shall be done through the usual public bidding.

SECTION 2. The Minister of Tourism shall promulgate the rules and regulations to implement this Order, which shall, among others, provide for the norms and guidelines to ensure that the aforesaid merchandising system is at par with international standards insofar as prices and services are concerned. The stores and shops are effective showcases of Philippine culture, craftsmanship and industry, and that the system is an efficient and effective vehicle for the generation of foreign exchange and revenue for the government. It is understood that the merchandise in the shops and stores shall be sold only to departing passengers for their consumption abroad. Provided, however, that subject to such limitations, rules and regulations as may be prescribed by the Ministry of Finance, the shops herein authorized may sell merchandise to passengers coming into the Philippines from abroad.

SECTION 3. All net profits from the merchandising operations conducted pursuant hereto shall accrue to the Ministry of Tourism which shall allocate the same in accordance with existing policies and regulations.

SECTION 4. All laws, orders issuances, rules and regulations or any part thereof inconsistent, with this Executive Order are hereby repealed or modified accordingly

SECTION 5. This Order shall take effect immediately.

Done in the City of Manila this 4th day of September, in the year of Our Lord nineteen hundred and eighty-six.

(Sgd.) **CORAZON C. AQUINO**

By the President
(Sgd.) **JOKER P. ARROYO**
Executive Secretary

Source: **Presidential Management Staff**

Office of the President of the Philippines. (1986). *[Executive Order Nos.: 1 - 170].* Manila: Presidential Management Staff.

MALACAÑANG
MANILA

EXECUTIVE ORDER NO. 47
REORGANIZING THE NATIONAL LABOR RELATIONS COMMISSION

WHEREAS, there is a need to professionalize the labor dispute settlement machinery;

WHEREAS, there is a further need of cleansing the National Labor Relations Commission of sectoral interests;

WHEREAS, these objectives necessitate changes in the National Labor Relations Commission;

NOW, THEREFORE, I, CORAZON C. AQUINO, President of the Philippines, do hereby order:

SECTION 1. Articles 213, 214, 215 and 216 of the Labor Code, as amended, are hereby amended to read as follows:

"ART. 213. National Labor Relations Commission. – There shall be a National Labor Relations Commission in the Ministry of Labor and Employment, composed of the Minister of Labor and Employment as Chairman and nine (9) Commissioners. In the absence of the Minister of Labor and Employment, his duly authorized Deputy Minister shall act as Chairman.

The Commission may sit en banc or in three divisions, each composed of three Members. It shall determine, by rules approved by the Chairman, the cases it shall decide en banc and those which a division shall decide. The decision of a division shall have the force and effect of a decision of the Commission.

The Minister of Labor and Employment shall exercise administrative supervision over the Commission, its regional branches and their personnel. The Presiding Commissioner of the First Division shall act as the Vice-Chairman of the Commission and shall be its day-to-day administrator."

"ART. 214. Headquarters and branches. – The Commission shall have its main office in Metropolitan Manila and shall establish as many branches as there are regional offices of the Ministry of Labor and Employment, with as many Labor Arbiters as shall be necessary for its effective operation, each branch to be headed by an Executive Labor Arbiter."

"ART. 215. Appointment and qualifications. – The Commissioners shall have at least five (5) years experience in handling labor-management relations and the Executive Labor Arbiters and Labor Arbiters shall have at least two (2) years experience in the same field. In addition, the Commissioners, Executive Labor Arbiters and Labor Arbiters shall be members of the bar.

The Commissioners shall be appointed by the President for a term of (6) years without prejudice to reappointment. Of the Commissioners first appointed, there shall hold office for six (6) years, three for four (4) years, and there for two (2) years. Appointment to any vacancy shall be only for the unexpired portion of the predecessor's term. The Executive Labor Arbiters and Labor Arbiters shall also be appointed by the President and shall be subject to the Civil Service Law and rules and regulations.

The Minister of Labor and Employment shall appoint the staff and employees of the Commission, and the regional branches as the needs of the service may require, subject to the Civil Service Law and rules and regulations."

"ART. 216. Salaries. – The Commissioners shall receive an annual salary of not less than eighty-seven thousand (₱87,000.00) pesos and the Labor Arbiters shall receive an annual salary of not less than seventy-two thousand (₱72,000.00) pesos."

SECTION 2. All laws, orders, issuances, rules and regulations or any part thereof inconsistent with this Executive Order are hereby repealed or modified accordingly.

SECTION 3. This Executive Order shall take effect immediately.

DONE in the City of Manila, this 10th day of September, in the year of Our Lord, nineteen hundred and eighty-six.

(Sgd.) **CORAZON C. AQUINO**
President of the Philippines

By the President:
(Sgd.) **JOKER P. ARROYO**
Executive Secretary

Source: **Presidential Management Staff**

Office of the President of the Philippines. (1986). *[Executive Order Nos.: 1 - 170]*. Manila: Presidential Management Staff.

MALACAÑANG
MANILA

EXECUTIVE ORDER NO. 48

CREATING AN AD HOC SPECIAL COMMITTEE TO SUPERVISE THE LIQUIDATION OF THE AFFAIRS OF THE CONSTITUTIONAL COMMISSION OF 1986, PRESERVATION OF ITS RECORDS, AND TO UNDERTAKE ITS CONSTITUTION EDUCATION CAMPAIGN.

WHEREAS, the Constitutional Commission of 1986 shall approve the final draft of the Constitution on October 15, 1986;

WHEREAS, there is an imperative need to create an AD HOC Special Committee which will wind up and liquidate the affairs of the Constitutional Commission, take steps to ensure that the valuable records, documents, papers and memorabilia of the said Commission are preserved, and assist in the Constitution Education Campaign;

NOW, THEREFORE, I, CORAZON C. AQUINO, President of the Philippines, do hereby order:

SECTION 1. There is hereby created an AD HOC Special Committee composed of the President of the Constitutional Commission of 1986, as Chairman, its Vice-President and the Chairman of its Committee on Budget and Personnel, as members.

SEC. 2. The AD HOC Special Committee shall take charge of supervise and decide on, all matters relative to the winding up and liquidation of the affairs of the Constitutional Commission of 1986 and the preservation and safekeeping of its valuable documents, records, papers and memorabilia.

SEC. 3. For the purposes stated in Section 2, the AD HOC Special Committee shall disburse funds from the appropriation for the Constitutional Commission necessary for its operation, appoint and fix the compensation of such personnel of the Constitutional Commission of 1986 as it may need, and perform such other duties as may be required in relation to the work of the Constitutional Commission of 1986: Provided, however, that this shall not go beyond December 15, 1986.

SEC. 4. The AD HOC Special Committee is further authorized to undertake its program for a Constitution Education Campaign, in collaboration with other government agencies, and for this purpose the Committee may disburse funds from the remaining balance of the Twenty Million appropriation given to the Constitutional Commission of 1986 and such other funds as may, from time to time, be allocated to it for this purpose, to cover allowances of the Commissioners, resource persons, and secretariat personnel, involved in the campaign, and transportation and other incidental expenses.

SEC. 5. The Chairman of the Committee is authorized to sign checks and other documents in connection with the disbursement of funds.

SEC. 6. This Executive Order shall take effect on October 15, 1986.

DONE in the City of Manila, this 15th day of October, in the year of Our Lord, nineteen hundred and eighty-six.

(Sgd.) **CORAZON C. AQUINO**

By the President:
(Sgd.) **JOKER P. ARROYO**
Executive Secretary

Source: **Presidential Management Staff**

Office of the President of the Philippines. (1986). *[Executive Order Nos.: 1 - 170].* Manila: Presidential Management Staff.

MALACAÑANG
MANILA

EXECUTIVE ORDER NO. 49
RESTRUCTURING THE RATES OF IMPORT DUTIES AND CLASSIFICATIONS OF CERTAIN ARTICLES UNDER SECTION 104 OF THE TARIFF AND CUSTOMS CODE OF 1978, AS AMENDED, AND FOR OTHER PURPOSES

I, CORAZON C. AQUINO, President of the Philippines, do hereby order:

SECTION 1. The rates of import duties and classifications of certain articles under Section 104 of the Tariff and Customs Code of 1978, as amended, are hereby modified in accordance with Annex "A" hereof.

SECTION 2. Upon effectivity of this Executive Order, all articles listed in Annex "A" hereof which are entered or withdrawn from warehouses in the Philippines for consumption shall be subject to the rates of import duties herein prescribed.

SECTION 3. The rates of import duties prescribed in Annex "A" hereof shall be subject to review after one (1) year from the effectivity of this Executive Order. The President, after investigation by the Tariff Commissioner and recommendation of the National Economic and Development Authority, may cause a gradual reduction of protection levels granted herein.

SECTION 4. All laws, orders, issuances, and rules and regulations or parts thereof inconsistent with this Executive Order are hereby repealed or modified accordingly.

SECTION 5. This Executive Order shall take effect beginning October 1, 1986.

Done in the City of Manila, this 15th day of October, in the year of Our Lord, nineteen hundred and eighty-six.

(Sgd.) **CORAZON C. AQUINO**
President of the Philippines

By the President:
(Sgd.) **JOKER P. ARROYO**
Executive Secretary

Reference: Annex A

Source: **Presidential Management Staff**

Office of the President of the Philippines. (1986). *[Executive Order Nos.: 1 - 170]*. Manila: Presidential Management Staff.

MALACAÑANG
MANILA

EXECUTIVE ORDER NO. 50
PROVIDING FOR THE GENERAL REGISTRATION OF VOTERS FOR THE PLEBISCITE ON THE PROPOSED CONSTITUTION, FOR THE PLEBISCITE, APPROPRIATING FUNDS THEREFOR, AND FOR OTHER PURPOSES

WHEREAS, pursuant to the Provisional Constitution of the Republic of the Philippines, a new Constitution shall be drafted by the Constitutional Commission and thereafter submitted to the people in a plebiscite;

WHEREAS, to ensure that the true will of the people will be reflected in the plebiscite, there is a need to annul the existing permanent list of voters and to call for a new registration of voters;

NOW, THEREFORE, I, CORAZON C. AQUINO, President of the Philippines, do hereby order:

a. General Provisions

SECTION 1. General Registration of Voters. – The existing permanent lists of voters in every city and municipality are hereby declared null and void. A general registration of voters shall be held throughout the Philippines before the plebiscite on the new Constitution in accordance with this Executive Order on such dates as the Commission on Elections may fix.

SEC. 2. List of Voters. – There shall be a list of voters in each city and municipality, with such additions, cancellations and corrections as herein provided.

SEC. 3. Necessity of Registration. – In order that a qualified voter may vote in the plebiscite, he must be registered in the list of voters for the city or municipality in which he resides.

SEC. 4. Who may be Registered in the List of Voters. – All persons possessing all the qualifications and none of the disqualifications of a voter and who have complied with the requirements for the registration of voters shall be registered in the list of voters of the city or municipality wherein they reside. Any person who may not have attained on the date of registration the age or period of residence required may also be registered upon proof that on the date of the plebiscite, he shall have such qualifications.

SEC. 5. Board of Election Inspectors. – At least ten (10) days before the first day of registration of voters in accordance herewith, the Commission shall, directly or through its duly authorized representatives, constitute a Board of Election Inspectors for each precinct to be composed of a Chairman and two members, who shall all be public school teachers registered as voters of the city or municipality; Provided, That in case of shortage of public school teachers, the Commission may appoint private school teachers, or other citizens of known probity and competence, who are registered voters of the city or municipality. The appointment shall specifically state the precinct to which they are assigned and the date of the appointment.

The members of the Board shall each receive a per diem of Fifty Pesos for each day of actual service rendered in the Board.

b. Registration of Voters

SEC. 6. Procedure in Registration. – Any person qualified to vote shall register with the Board of Election Inspectors of the precinct in which his residence is included on any of the dates fixed by the Commission on Elections under Section 1 hereof by accomplishing in four (4) copies a voter's affidavit in which he shall state the following data:

(a) Surname, first name, middle name, if any and maternal surname in that order;
(b) Date and place of birth;
(c) Citizenship;
(d) Periods of residence in the Philippines and in the place of registration;
(e) Exact address with the name of the street and house number or in case there is none, a brief description of the locality and the place;
A statement that the applicant has not applied for registration in any other precinct, city or municipality for this 1986 general registration of voters; and
Such other information or data which may be required by the Commission.

The voter's affidavit shall also contain three specimens of the applicant's signature and clear and legible fingerprints and shall be subscribed and sworn to by him before all the members of the Board.

The oath of the applicant shall include a statement that he does not have any of the disqualifications of a voter and he has not been previously registered in the precinct or any other precinct under this General Registration of Voters.

Before the applicant accomplishes his voter's affidavit, the Board shall apprise him of the qualifications and disqualifications prescribed for a voter as herein provided. It shall see to it that the accomplished voter's affidavit contains all the data therein required and that the applicant's specimen signatures, the prints of his left and right hand thumbmarks and the rest of his fingerprints are properly affixed in each copy of his voter's affidavit.

SEC. 7. Action by the Board. – Upon receipt of the voter's affidavit, the Board shall examine the data therein. If it finds that the applicant possesses all the qualifications and none of the disqualifications of a voter, he shall be registered. Otherwise, he shall not be registered.

The name and address of each registered voter shall, immediately upon his registration, be entered in the proper alphabetical group in the list of voters. The voter's identification card duly attested by the Chairman of the Board shall be issued to the voter.

SEC. 8. Voter's Identification Card. – The identification card issued to the voter shall serve and be considered as a document for the identification of each registered voter: Provided, That if the voter's identity is challenged on the day of voting and he can not present his voter's identification card or his identification card bears signs of tampering, his identity may be established by the specimen signature, or the fingerprints in his voter's affidavit in the book of voters. No extra or duplicate copy of the voter's identification card shall be prepared and issued except upon express written authority of the Commission.

Each identification card shall bear the name and the address of the voter, his date of birth, sex, civil status and the precinct number where he is registered.

c. List of Voters

SEC. 9. Preparation of List of Voters. – For the preparation of the list of voters as provided in this Executive Order, the Board of Election Inspectors of each precinct shall hold four (4) meetings on the

date fixed by the Commission on Elections under Section 1 of this Executive Order. At these meetings the Board shall prepare in the alphabetical order of the surnames of the voters eight (8) copies of the list of voters who registered in the precinct.

SEC. 10. Closing of the List of Voters. – The Board of Election Inspectors shall also meet on the fourth (4th) Saturday immediately preceding the day of the plebiscite, for the purpose of making such inclusions, exclusions, and corrections as may be ordered by the courts, stating opposite every name so corrected, added, or cancelled, the date of the order and the court which issued the same, and for the consecutive numbering of the voters registered in the election precinct.

Should the Board fail to include in the list of voters any person ordered by a competent court to be so included, the said person shall, upon presentation of a copy of the order of inclusion duly certified by the Clerk of Court and upon proper identification, even on the day of the plebiscite, be allowed by the Board to vote.

Should the Board fail to exclude from the list of voters any person ordered by the court to be so excluded, the Board shall not permit said person to vote upon presentation to it by any interested party of a certified copy of the order of exclusion.

SEC. 11. Preservation of Voter's Affidavits. – A copy of the affidavit of each voter shall be kept by the Board until after the day of the plebiscite, when it shall deliver the same to the Election Registrar together with copies of the list of voters and other election papers. The Election Registrar shall compile the voter's affidavits by precincts in the alphabetical order of surnames in a book of voters. The other two (2) copies shall be sent by the Board on the day after the last date for registration of voters to the Office of the Provincial Election Supervisor and the main office of the Commission in Manila. The Provincial Election Supervisor and the Commission shall respectively file and preserve the voter's affidavits by cities and municipalities in the alphabetical order of their surnames. The fourth copy of the affidavit shall be given immediately to the voter as evidence of his registration.

SEC. 12. Provincial Central File of Registered Voters. – There shall be a Provincial Central File of registered voters containing the duplicate copies of all approved voter's affidavits in each city and municipality in the province which shall be under the care and custody of the Provincial Election Supervisor. The applications shall be compiled by precincts in the alphabetical order of the surnames of the registered voters to make the file an exact replica of the book of voters in the possession of the Election Registrar.

Should the books of voters in the care and custody of the Election Registrar be lost or destroyed at a time so close to the plebiscite that there is no time to reconstitute the same, the corresponding book of voters in the provincial file shall be used during the plebiscite.

SEC. 13. National Central File of Registered Voters. – There shall also be a National Central File of Registered voters consisting of the triplicate copies of all approved voter's affidavits in all cities and municipalities, which shall be prepared and kept in the Central Office of the Commission. The applications in the National Central File shall be compiled alphabetically according to the surnames of the registered voters regardless of the place of registration.

SEC. 14. Columns in the List of Voters. – The list of voters shall be arranged in columns as follows:

(a) In the first column, there shall be entered, at the time of closing of the list before the plebiscite, a number opposite the name of each voter registered, beginning with number one and continuing in consecutive order until the end of the list;

(b) In the second column, the surname of the registered voter shall be written in alphabetical order followed by the first name, middle name, if any, and maternal surname, without abbreviations of any kind;
(c) In the third column, the residence of such person with the house number, name of the street, sitio and barangay, or, in case there be none, a brief but sufficient description of the locality or place shall be entered;
(d) In the fourth column, the date of birth and periods of residence in the Philippines and in the city or municipality shall be entered;
(e) In the fifth column, there shall be entered, on the day of the plebiscite, the number of the ballot given successively to each voter;
(f) In the sixth column, the voter shall affix on the day of the plebiscite, his right thumbmark and under said mark his signature, which shall be the same as the signature in his voter's affidavit;
(g) And in the seventh column, the signature of the Chairman of the Board of Election Inspectors who handed the ballot to the voter.

It will be sufficient that the fourth, fifth, sixth, and seventh columns be filled in the copy of the list under the custody of any of the members of the Board of Election Inspectors who shall see to it that the thumbmark is affixed clearly.

SEC. 15. Certificate of the Board of Election Inspectors in the List of Voters. – Upon the adjournment of each meeting for the registration of voters, the Board of Election Inspectors shall close each alphabetical group of surnames of voters by writing the dates on the next line in blank which shall be forthwith signed by each member, and, before adding the new name on the same page at the next meeting, it shall write the following: "Added at the _____ meeting", specifying if it is the second or third meeting of the Board, as the case may be. If the meeting adjourned is the last one for the registration of voters, the Board shall, besides closing each alphabetical group of surnames of registered voters as above provided, add at the end of the list a certificate (a) whether or not corrections and cancellations were made in the list, specifying them, if any, and (b) specifying in words and numerals the total number of voters registered in the precinct as at the close of the registration period.

SEC. 16. Publication of the List. – At the first regular office hour of the working day following the last day of registration of voters, the poll clerk shall deliver to the Election Registrar a copy of the lists certified to by the Board of Election Inspectors as provided in the preceding section; another copy, also certified and properly sealed, shall be sent to the Provincial Election Supervisor of the province by messenger; and another copy, likewise certified and properly sealed, shall be sent by registered mail special delivery with return card, to the central office of the Commission where the said copies shall be opened to public inspection during regular office hours. On the same day and hour, the poll clerk shall also post a copy of the list in the polling place in a secure place on the door or near the same at the height of a meter and a half, where it may be conveniently consulted by interested parties. The chairman and the two (2) other members of the Board shall each keep a copy of the list which may be inspected by the public in their respective residences or offices during regular office hours. Immediately after the meeting of the Board for the closing of the list, the member designated as the poll clerk shall also send a notice to the Election Registrar, Provincial Election Supervisor and the Commission in Manila regarding the changes and the numbering referred to in Sec. 10 hereof, to be attached to the copy of the list sent to them previously.

d. Administrative and Judicial Powers

SEC. 17. Challenge of Right to Register. – Any person applying for registration may be challenged before the Board of Election Inspectors on any registration day by any voter or by any member of the Board of Election Inspectors. The Board shall then examine the challenged person and shall receive such other evidence as it may deem pertinent, after which it shall decide by majority vote whether the voter shall be properly included in or excluded from the list. All challenges shall be heard and decided without delay, and in no case beyond two (2) days from the date the challenge was made.

After the question has been decided, the Board of Election Inspectors shall give to the party challenged a brief certified statement setting forth the challenge and the decision thereon.

SEC. 18. Power of the Board of Election Inspectors to Administer Oath and Issue Summons. – For the purpose of determining the right of applicants to be registered as voters in the list, the Board of Election Inspectors shall have the same power to administer oaths, to issue subpoena and subpoena duces tecum and to compel witnesses to appear and testify, but the latter's fees and expenses incident to the process shall be paid in advance by the party in whose behalf the summons is issued.

SEC. 19. Jurisdiction in Inclusion and Exclusion Cases. – The Municipal and Metropolitan Trial Courts shall have original and exclusive jurisdiction over all matters of inclusion and exclusion of voters from the list in their respective municipalities and cities. The decision of the Municipal or Metropolitan Trial Courts shall be rendered within ten (10) days after the filing of the petition and may be appealed directly by the aggrieved party to the proper Regional Trial Court within five (5) days from receipt of notice thereof, otherwise said decision of the Municipal or Metropolitan Trial Court shall become final and executory. The Regional Trial Court shall decide the appeal within ten (10) days from filing and its decision shall be immediately final and executory. No motion for reconsideration shall be entertained by the Courts. Failure of the judges concerned to comply with the deadlines fixed in this Section shall subject them to administrative action.

SEC. 20. Petition for Inclusion of Voters in the List. – Any person whose application for registration has been disapproved by the Board of Election Inspectors or whose name has been stricken out from the list may apply, within fifteen (15) days after the last registration day, to the proper Municipal or Metropolitan Trial Court, for an order directing the Board of Election Inspectors to include or reinstate his name in the list, together with the certificate of the Board of Election Inspectors regarding his case and proof of service of notice of his petition upon a member of the Board of Election Inspectors with indication of the date, time, place and court before which the petition is to be heard.

SEC. 21. Voters Excluded Through Inadvertence or Registered with an Erroneous or Misspelled Name. – Any voter who has registered under this general registration of voters whose name has been inadvertently omitted from the list prepared for the plebiscite or who has been included therein with a wrong or misspelled name or address shall have the right to file an application within fifteen (15) days after the last registration day with the proper Municipal or Metropolitan Trial Court, for an order directing that his name be reinstated in the list or that he be registered with his correct name or address. He shall attach to such application a xerox copy of his voter's affidavit, together with proof that he has applied without success to the Board of Election Inspectors for such reinstatement or correction and that he has served a copy of the application to a member of the Board.

SEC. 22. Change of Name of Registered Voter. – Any previously registered voter whose name has been changed by reason of marriage or by virtue of a court order may request the Board of Election Inspectors during any of its meetings held under this general registration of voters that his registration in the list be recorded under his new name.

SEC. 23. Petition For Exclusion of Voters from the List. – Any registered voter in a city or municipality, or the Election Registrar, may apply at any time within fifteen (15) days after the last registration day with the proper Municipal or Metropolitan Trial Court, for the exclusion of a voter from the list of a given precinct, giving the name and residence of the latter, the precinct in which he is registered, and the ground or grounds for the challenge. The petition shall be sworn to by the petitioners and accompanied by proof of notice to the Board of Election Inspectors concerned and to the challenged voter.

SEC. 24. Common Rules Governing Judicial Proceedings in the Matter of Inclusion, Exclusion, and Correction of Names of Voters. – (a) No petition for inclusion, exclusion, and correction of names of voters shall be received outside of regular office hours.

(b) Notices to the members of the Board of Election Inspectors and to the challenged voters shall state the place, date and time in which such petition shall be heard, and such notice may be made by sending a copy thereof by registered mail special delivery with return card or by personal delivery or by leaving it in the possession of an identifiable person of sufficient discretion in the residence of the person to be notified or, in the event that the foregoing procedure is not practicable, by posting a copy thereof in a conspicuous place in the city hall or municipal building and in two other conspicuous places within the city or municipality, at least five (5) days prior to the date set for the hearing.

In the interest of justice and to afford the challenged voter every opportunity to contest the petition for exclusion, the court concerned may, when the challenged voter fails to appear on the first day set for the hearing, order that notice be effected in such manner and within such period of time as it may decide, which time shall in no case be more than four (4) days from the day the respondent is first found in default.

(c) Each petition shall refer to only one precinct.

(d) No costs shall be assessed in these proceedings. However, if the court should be satisfied that the application has been filed for the purpose of harassing the adverse party and causing him to incur expenses, it may condemn the culpable party to pay the costs and incidental expenses.

(e) The decision shall be based on the evidence presented. If the question is whether or not the voter is real or fictitious, the non-appearance of the voter on the day set for hearing shall be prima facie evidence that such voter is fictitious. In no case shall a decision be rendered upon a stipulation of facts.

(f) These applications shall be heard and decided without delay. The decision shall be rendered within six (6) hours after the hearing.

SEC. 25. Canvass to Check Registration. – After the plebiscite, the respective Election Registrars, with the assistance of their Provincial Election Supervisors shall conduct regular verification by mail or house-to-house canvass, or both, of the registered voters of any precinct for purposes of exclusion proceedings.

SEC. 26. Annulment of Lists of Voters. – Any book of voters not prepared in accordance with the provisions of this Executive Order or the preparation of which has been effected by fraud, bribery, forgery, impersonation, intimidation, force, or any other similar irregularities or which list is statistically improbable may, upon verified petition of any voter or by the Election Registrar, and after notice and hearing, or motu proprio by the Commission, when the list of voters has been prepared in a manner which is palpably irregular, be annulled by the Commission which shall then order a new registration of voters in the affected precincts on a date or dates fixed by it: Provided, That no order, ruling or decision of the Commission annulling a book of voters shall be executed within thirty (30) days before the plebiscite.

SEC. 27. Reconstitution of Lost or Destroyed Registration Records. – The Commission shall reconstitute all registration records which have been lost or destroyed. For this purpose, it shall be the duty of the Election Registrar concerned to report immediately to the Commission any loss or destruction of approved applications for registration in his custody. Such reconstitution shall be made with the use of the corresponding copies in the National or Provincial Central Files of registered voters: Provided, That if this is not feasible, the registered voter concerned may be summoned by the Election Registrar to effect such reconstitution by accomplishing a new application. Reconstitution forms shall be clearly marked with the word "Reconstituted".

The reconstitution of any lost or destroyed application for registration shall not affect the criminal liability of any person or persons who may be responsible for such loss or destruction.

SEC. 28. Examination of Registration Records. – All registration records in the possession of the city or municipal Election Registrar, the Provincial Election Supervisor, and the Commission shall, during regular office hours, be opened to examination by the public.

Law enforcement agencies shall, upon prior authorization by the Commission, have access to said registration records should the same be necessary to, or in aid of, their investigative functions and duties, subject to regulations promulgated by the Commission.

SEC. 29. Posting of List of Voters. – On the day immediately following revision day, the Board of Election Inspectors must post the FINAL list of voters in each precinct with each and every page thereof duly signed or subscribed and sworn to by the members of the Board of Election Inspectors and that failure to comply with this provision will constitute an election offense.

Any voter, upon formal request made to an Election Registrar, shall be entitled to a certified copy of the most recent list of voters in any precinct, municipality, or city or province, upon payment of a reasonable fee as may be prescribed by the Commission.

SEC. 30. Applicability of Pertinent Provisions of Batas Pambansa Blg. 881. – The pertinent provisions of Batas Pambansa Blg. 881, otherwise known as the Omnibus Election Code of the Philippines regarding precincts and polling places, Board of Election Inspectors, watchers, election offenses including penalties, preliminary investigation, prosecution, jurisdiction of courts, prescription, persons criminally liable, and other provisions, which are not in conflict with this Executive Order shall remain in full force and effect and hereby adopted as part hereof: Provided, That the forms and other papers necessary for purpose of this general registration of voters and plebiscite shall be printed under the supervision and control of the Commission: Provided, further, That the Commission may engage the services of any printing press and shall provide appropriate security measures for the printing, storage and distribution thereof.

SEC. 31. Appropriation. – The amount of THREE HUNDRED SEVENTY FIVE MILLION PESOS or so much thereof as may be necessary for the purpose of the implementation of this Executive Order is hereby set aside out of the appropriation of the Commission on Elections in its current budget and savings, which shall both be automatically released by the Ministry of the Budget upon request of the Chairman of the Commission on Elections. In case of deficiencies, the funds herein provided shall be augmented from the Special Activities Fund intended for special priority activities authorized in the current General Appropriations Act, which shall likewise be automatically released upon similar request by the Chairman of the Commission on Elections.

SEC. 32. Repealing Clause. – All laws, orders, issuances, rules and regulations or parts thereof, inconsistent with this Executive Order are hereby repealed or modified accordingly.

SEC. 33. Effectivity. – This Executive Order shall take effect immediately.

Done in the City of Manila, this 20th day of October, in the year of Our Lord, nineteen hundred and eighty-six.

(Sgd.) **CORAZON C. AQUINO**
President of the Philippines

By the President:
(Sgd.) **JOKER P. ARROYO**
Executive Secretary

Source: **Presidential Management Staff**

Office of the President of the Philippines. (1986). *[Executive Order Nos.: 1 - 170]*. Manila: Presidential Management Staff.

MALACAÑANG
MANILA

EXECUTIVE ORDER NO. 51
ADOPTING A NATIONAL CODE OF MARKETING OF BREASTMILK SUBSTITUTES, BREASTMILK SUPPLEMENTS AND RELATED PRODUCTS, PENALIZING VIOLATIONS THEREOF, AND FOR OTHER PURPOSES

WHEREAS, in order to ensure that safe and adequate nutrition for infants is provided, there is a need to protect and promote breastfeeding and to inform the public about the proper use of breastmilk substitutes and supplements and related products through adequate, consistent and objective information and appropriate regulation of the marketing and distribution of the said substitutes, supplements and related products;

WHEREAS, consistent with Article 11 of the International Code of Marketing of Breast-milk Substitutes, the present government should adopt appropriate legislation to give effect to the principles and aim of the aforesaid International Code;

NOW, THEREFORE, I, CORAZON C. AQUINO, President of the Philippines, do hereby order:

SECTION 1. Title – This Code shall be known and cited as the "National Code of Marketing of Breastmilk Substitutes, Breastmilk Supplements and Other Related Products".

SECTION 2. Aim of the Code – The aim of the Code is to contribute to the provision of safe and adequate nutrition for infants by the protection and promotion of breastfeeding and by ensuring the proper use of breastmilk substitutes and breastmilk supplements when these are necessary, on the basis of adequate information and through appropriate marketing and distribution.

SECTION 3. Scope of the Code – The Code applies to the marketing, and practices related thereto, of the following products: breastmilk substitutes, including infant formula; other milk products, foods and beverages, including bottle-fed complementary foods, when marketed or otherwise represented to be suitable, with or without modification, for use as a partial or total replacement of breastmilk; feeding bottles and teats. It also applies to their quality and availability, and to information concerning their use.

SECTION 4. Definition of Terms – For the purposes of this Code, the following definition of terms shall govern:

(a) "Breastmilk Substitute" means any food being marketed or otherwise represented as a partial or total replacement for breastmilk, whether or not suitable for that purpose.

(b) "Complementary Food" means any food, whether manufactured or locally prepared, suitable as a complement to breastmilk or to infant formula, when either becomes insufficient to satisfy the nutritional requirements of the infant. Such food is also commonly called "weaning food" or "breastmilk supplement".

(c) "Container" means any form of packaging of products for sale as a normal retail unit, including wrappers.

(d) "Distributor" means a person, corporation or any other entity in the public or private sector engaged in the business (whether directly or indirectly) of marketing at the wholesale or retail level

a product within the scope of this Code. A "primary distributor" is a manufacturer's sales agent, representative, national distributor or broker.

(e) "Infant" means a person falling within the age bracket of 0-12 months.

(f) "Health care system" means governmental, non-governmental or private institutions or organization engaged, directly or indirectly, in health care for mothers, infants and pregnant women; and nurseries or child care institutions. It also includes health workers in private practice. For the purpose of this Code, the health care system does not include pharmacies or other established sales outlets.

(g) "Health Worker" means a person working in a component of such health care system, whether professional or non-professional, including volunteer workers.

(h) "Infant Formula" means a breastmilk substitute formulated industrially in accordance with applicable Codex Alimentarius standards, to satisfy the normal nutritional requirements of infants up to between four to six months of age, and adapted to their physiological characteristics. Infant formula may also be prepared at home in which case it is described as "home-prepared".

(i) "Label" means any tag, brand, mark, pictorial or other descriptive matter, written, printed, stencilled, marked, embossed or impressed on, or attached to, a container of any product within the scope of this Code.

(j) "Manufacturer" means a corporation or other entity in the public or private sector engaged in the business or function (whether directly or through an agent or an entity controlled by or under contract with it) of manufacturing a product within the scope of this Code.

(k) "Marketing" means product promotion, distribution, selling, advertising, product public relations, and information services.

(l) "Marketing personnel" means any person whose functions involve the marketing of a product or products coming within the scope of this Code.

(m) "Sample" means single or small quantities of a product provided without cost.

(n) "Supplies" means quantities of a product provided for use over an extended period, free or at a low price, for social purposes, including those provided to families in need.

SECTION 5. Information and Education

(a) The government shall ensure that objective and consistent information is provided on infant feeding, for use by families and those involved in the field of infant nutrition. This responsibility shall cover the planning, provision, design and dissemination of information, and the control thereof, on infant nutrition.

(b) Informational and educational materials, whether written, audio, or visual, dealing with the feeding of infants and intended to reach pregnant women and mothers of infants, shall include clear information on all the following points: (1) the benefits and superiority of breastfeeding; (2) maternal nutrition, and the preparation for and maintenance of breastfeeding; (3) the negative effect on breastfeeding of introducing partial bottle-feeding; (4) the difficulty of reversing the decision not to breastfeed; and (5) where needed, the proper use of infant formula, whether manufactured industrially or home-prepared. When such materials contain information about the use of infant formula, they shall include the social and financial implications of its use; the health hazards of inappropriate foods or feeding methods; and, in particular, the health hazards of unnecessary or improper use of infant formula and other breastmilk substitutes. Such materials shall not use any picture or text which may idealize the use of breastmilk substitutes.

SECTION 6. The General Public and Mothers

(a) No advertising, promotion or other marketing materials, whether written, audio or visual, for products within the scope of this Code shall be printed, published, distributed, exhibited and broadcast unless such materials are duly authorized and approved by an inter-agency committee created herein pursuant to the applicable standards provided for in this Code.

(b) Manufacturers and distributors shall not be permitted to give, directly or indirectly, samples and supplies of products within the scope of this Code or gifts of any sort to any member of the general public, including members of their families, to hospitals and other health institutions, as well as to personnel within the health care system, save as otherwise provided in this Code.

(c) There shall be no point-of-sale advertising, giving of samples or any other promotion devices to induce sales directly to the consumers at the retail level, such as special displays, discount coupons, premiums, special sales, bonus and tie-in sales for the products within the scope of this Code. This provision shall not restrict the establishment of pricing policies and practices intended to provide products at lower prices on a long-term basis.

(d) Manufacturers and distributors shall not distribute to pregnant women or mothers of infants any gifts or articles or utensils which may promote the use of breastmilk substitutes or bottle feeding, nor shall any other groups, institutions or individuals distribute such gifts, utensils or products to the general public and mothers.

(e) Marketing personnel shall be prohibited from advertising or promoting in any other manner the products covered by this Code, either directly or indirectly, to pregnant women or with mother of infants, except as otherwise provided by this Code.

(f) Nothing herein contained shall prevent donations from manufacturers and distributors of products within the scope of this Code upon request by or with the approval of the Ministry of Health.

SECTION 7. Health Care System –

(a) The Ministry of Health shall take appropriate measures to encourage and promote breastfeeding. It shall provide objective and consistent information, training and advice to health workers on infant nutrition, and on their obligations under this Code.

(b) No facility of the health care system shall be used for the purpose of promoting infant formula or other products within the scope of this Code. This Code does not, however, preclude the dissemination of information to health professionals as provided in Section 8(b).

(c) Facilities of the health care system shall not be used for the display of products within the scope of this Code, or for placards or posters concerning such products.

(d) The use by the health care system of "professional service" representatives, "mothercraft nurses" or similar personnel, provided or paid for by manufacturers or distributors, shall not be permitted.

(e) In health education classes for mothers and the general public, health workers and community workers shall emphasize the hazards and risks of the improper use of breastmilk substitutes particularly infant formula. Feeding with infant formula shall be demonstrated only to mothers who may not be able to breastfeed for medical or other legitimate reasons.

SECTION 8. Health Workers –

(a) Health workers shall encourage and promote breastfeeding and shall make themselves familiar with objectives and consistent information on maternal and infant nutrition, and with their responsibilities under this Code.

(b) Information provided by manufacturers and distributors to health professionals regarding products within the scope of this Code shall be restricted to scientific and factual matters and such information shall not imply or create a belief that bottlefeeding is equivalent or superior to breastfeeding. It shall also include the information specified in Section 5(b).

(c) No financial or material inducements to promote products within the scope of this Code shall be offered by manufacturers or distributors to health workers or members of their families, nor shall these be accepted by the health workers or members of their families, except as otherwise provided in Section 8(e).

(d) Samples of infant formulas or other products within the scope of this Code, or of equipment or utensils for their preparation or use, shall not be provided to health workers except when necessary for the purpose of professional evaluation or research in accordance with the rules and regulations promulgated by the Ministry of Health. No health workers shall give samples of infant formula to pregnant women and mothers of infants or members of their families.

(e) Manufacturers and distributors of products within the scope of this Code may assist in the research, scholarships and continuing education, of health professionals, in accordance with the rules and regulations promulgated by the Ministry of Health.

SECTION 9. Persons Employed by Manufacturers and Distributors – Personnel employed in marketing products within the scope of this Code shall not, as part of their job responsibilities, perform educational functions in relation to pregnant women or mothers of infants.

SECTION 10. Containers/Labels –

(a) Containers and/or labels shall be designed to provide the necessary information about the appropriate use of the products, and in such a way as not to discourage breastfeeding.

(b) Each container shall have a clear, conspicuous and easily readable and understandable message in Pilipino or English printed on it, or on a label, which message can not readily become separated from it, and which shall include the following points:

(i) the words “Important Notice” or their equivalent;
(ii) a statement of the superiority of breastfeeding;
(iii) a statement that the product shall be used only on the advice of a health worker as to the need for its use and the proper methods of use; and
(iv) instructions for appropriate preparation, and a warning against the health hazards of inappropriate preparation.

(c) Neither the container nor the label shall have pictures or texts which may idealize the use of infant formula. They may, however, have graphics for easy identification of the product and for illustrating methods of preparation.

(d) The term “humanized”, “maternalized” or similar terms shall not be used.

(e) Food products within the scope of this Code marketed for infant feeding, which do not meet all the requirements of an infant formula but which can be modified to do so, shall carry on the label a warning that the unmodified product should not be the sole source of nourishment of an infant.

(f) The labels of food products within the scope of this Code shall, in addition to the requirements in the preceding paragraphs, conform with the rules and regulations of the Bureau of Food and Drugs.

SECTION 11. Quality

(a) The quality of products is an essential element for the protection of the health of infants, and therefore shall be of high recognized standard.

(b) Food products within the scope of this Code shall, when sold or otherwise distributed, meet applicable standards recommended by the Codex Alimentarious Commission and also the Codex Code of Hygienic Practice for Foods for Infants and Children.

(c) To prevent quality deterioration, adulteration or contamination of food products within the scope of this Code, distribution outlets, including the smallest sari-sari store, shall not be allowed to open cans and boxes for the purpose of retailing them by the cup, bag or in any other form.

SECTION 12. Implementation and Monitoring

(a) For purposes of Section 6(a) of this Code, an inter-agency committee composed of the following members is hereby created:

Minister of Health - Chairman
Minister of Trade and Industry - Member
Minister of Justice - Member
Minister of Social Services and Development - - - - - - - - - - - - - - - - - - Member

The members may designate their duly authorized representative to every meeting of the Committee.

The Committee shall have the following powers and functions:

(1) To review and examine all advertising, promotion or other marketing materials, whether written, audio or visual, on products within the scope of this Code;

(2) To approve or disapprove, delete objectionable portions from and prohibit the printing, publication, distribution, exhibition and broadcast of, all advertising promotion or other marketing materials, whether written, audio or visual, on products within the scope of this Code;

(3) To prescribe the internal and operational procedure for the exercise of its powers and functions as well as the performance of its duties and responsibilities; and

(4) To promulgate such rules and regulations as are necessary or proper for the implementation of Section 6(a) of this Code.

(b) The Ministry of Health shall be principally responsible for the implementation and enforcement of the provisions of this Code. For this purpose, the Ministry of Health shall have the following powers and functions:

(1) To promulgate such rules and regulations as are necessary or proper for the implementation of this Code and the accomplishment of its purposes and objectives.

(2) To call the assistance of government agencies and the private sector to ensure the implementation and enforcement of, and strict compliance with, the provisions of this Code and the rules and regulations promulgated in accordance herewith.

(3) To cause the prosecution of the violators of this Code and other pertinent laws on products covered by this Code.

(4) To exercise such other powers and functions as may be necessary for or incidental to the attainment of the purposes and objectives of this Code.

SECTION 13. Sanctions

(a) Any person who violates the provisions of this Code or the rules and regulations issued pursuant to this Code shall, upon conviction, be punished by a penalty of two (2) months to one (1) year imprisonment or a fine of not less than One Thousand Pesos (₱1,000.00) nor more than Thirty Thousand Pesos (₱30,000.00) or both. Should the offense be committed by a juridical person, the chairman of the Board of Directors, the president, general manager, or the partners and/or the persons directly responsible therefor, shall be penalized.

(b) Any license, permit or authority issued by any government agency to any health worker, distributor, manufacturer, or marketing firm or personnel for the practice of their profession or occupation, or for the pursuit of their business, may, upon recommendation of the Ministry of Health, be suspended or revoked in the event of repeated violations of this Code, or of the rules and regulations issued pursuant to this Code.

SECTION 14. Repealing Clause – All laws, orders, issuances, and rules and regulations or parts thereof inconsistent with this Executive Order are hereby repealed or modified accordingly.

SECTION 15. Separability Clause – The provisions of this Executive Order are hereby deemed separable. If any provision thereof be declared invalid or unconstitutional, such invalidity or unconstitutionality shall not affect the other provisions which shall remain in full force and effect.

SECTION 16. Effectivity – This Executive Order shall take effect thirty (30) days following its publication in the Official Gazette.

DONE in the City of Manila, this 20th day of October, in the year of Our Lord, nineteen hundred and eighty-six.

(SGD.) **CORAZON C. AQUINO**
President of the Philippines

By the President:
(SGD.) **JOKER P. ARROYO**
Executive Secretary

Source: **Presidential Management Staff**

Office of the President of the Philippines. (1986). *[Executive Order Nos.: 1 - 170]*. Manila: Presidential Management Staff.

MALACAÑANG
MANILA

EXECUTIVE ORDER NO. 52
TRANSFERRING THE RESPONSIBILITY FOR FLOOD CONTROL AND DRAINAGE IN METROPOLITAN MANILA FROM THE MINISTRY OF PUBLIC WORKS AND HIGHWAYS TO THE METROPOLITAN MANILA COMMISSION, PROVIDING FOR A METROPOLITAN MANILA FLOOD CONTROL AND DRAINAGE FUND ACCOUNT IN THE NATIONAL TREASURY, AND FOR OTHER PURPOSES

WHEREAS, flood control and drainage programs and projects in Metropolitan Manila are being implemented by several national government agencies and component local units;

WHEREAS, there is a need to entrust the primary responsibility for flood control and drainage in Metropolitan Manila to one agency in order to effectively coordinate planning and project implementation as well as fund sourcing and management;

NOW, THEREFORE, I, CORAZON C. AQUINO, President of the Philippines, do hereby order:

SECTION 1. TRANSFER OF RESPONSIBILITY. – The primary responsibility for flood control and drainage in Metropolitan Manila is hereby transferred from the Ministry of Public Works and Highways to the Metropolitan Manila Commission.

SECTION 2. TECHNICAL ASSISTANCE. – The Ministry of Public Works and Highways shall provide technical assistance and other forms of support as may be necessary for the continuation, completion and implementation of existing and new programs and projects.

SECTION 3. AGENCY COOPERATION/INTEGRATED ACTION. – The Ministry of Public Works and Highways, the National Housing Authority, the National Water Resources Council, the Metropolitan Waterworks and Sewerage System, the Laguna Lake Development Authority, the Local Government Units comprising Metropolitan Manila as well as the adjoining municipalities lying within the watersheds affecting Metropolitan Manila, and any other agency may be called upon by the Metropolitan Manila Commission to extend full cooperation and assistance to ensure the successful prosecution of operations and essential projects on flood control and drainage.

SECTION 4. TRANSFER OF FACILITIES, EQUIPMENT AND DOCUMENTS. – All facilities, equipment, materials, plans, blueprints, designs and documents necessary for the operation, construction and maintenance of facilities, programs, activities and projects related to flood control and drainage in Metropolitan Manila shall be turned over immediately to the Metropolitan Manila Commission.

SECTION 5. METROPOLITAN MANILA FLOOD CONTROL AND DRAINAGE FUND ACCOUNT. – A Metropolitan Manila Flood Control and Drainage Fund Account is hereby created and established in the National Treasury to finance flood control operations and project implementation. The said Fund Account shall be sourced from the following:

a) all proceeds from the special metropolitan flood tax levied on all admission tickets of movie houses in Metropolitan Manila;

b) fund releases from appropriations of various Public Works Acts for flood control and drainage projects in Metropolitan Manila;

c) all proceeds from additional real estate taxes not exceeding one eight (1/8) of one percent (1%) of the assessed value of real estate located within Metropolitan Manila;

d) all proceeds of loans and grants intended for flood control and drainage in Metropolitan Manila; and

e) all other taxes as may be imposed by law for the necessary operation, construction and maintenance of flood control and drainage projects in Metropolitan Manila.

SECTION 6. ORGANIZATION AND OPERATION PLANS. – The Metropolitan Manila Commission shall submit within thirty (30) days from the date of effectivity of this Executive Order, the organization and operation plans on the management of flood control and drainage programs and projects in Metropolitan Manila.

SECTION 7. REPEALING CLAUSE. – All laws, orders, issuances and rules and regulations or parts thereof inconsistent with this Executive Order are hereby repealed or modified accordingly.

SECTION 8. EFFECTIVITY. – This Executive Order shall take effect immediately.

Done in the City of Manila, this 20th day of October, in the year of Our Lord, nineteen hundred and eighty-six.

(Sgd.) **CORAZON C. AQUINO**
President of the Philippines

By the President:
(Sgd.) **JOKER P. ARROYO**
Executive Secretary

Source: **Presidential Management Staff**

Office of the President of the Philippines. (1986). *[Executive Order Nos.: 1 - 170]*. Manila: Presidential Management Staff.

MALACAÑANG
MANILA

EXECUTIVE ORDER NO. 53
INCREASING THE AMOUNT OF TRAVELLING ALLOWANCES OF GOVERNMENT OFFICIALS AND EMPLOYEES INCLUDING LOCAL GOVERNMENT UNITS AND GOVERNMENT-OWNED AND/OR CONTROLLED CORPORATIONS WHEN ON OFFICIAL TRAVEL WITHIN THE PHILIPPINES.

WHEREAS, the existing travel allowance rates established by Presidential Decree No. 344 in 1973 are no longer adequate to meet the expenses of government personnel who go on out-of-town assignments;

WHEREAS, the cost of food accommodation and other expenses incidental to travelling outside of one's normal place of work have increased substantially since 1973;

WHEREAS, government personnel shall not be required to personally shoulder travelling expenses incurred in connection with the performance of their official duties;

NOW, THEREFORE, I, CORAZON C. AQUINO, President of the Republic of the Philippines, do hereby order and direct:

SECTION 1. Travelling Allowances. – The daily travelling allowances of government personnel shall be as follows:

	Rate of Allowance		
	*Metro Manila & other highly Urbanized Cities	Other Chartered Cities	Place Other than Cities
Group I			
First five days	₱100.00	₱90.00	₱80.00
After five days	80.00	80.00	80.00

Senior Management positions and Equivalent

National

Assistant Ministers, Bureau Directors, Assistant Bureau Directors, Regional Directors, Assistant Regional Directors, Ministry Service Chiefs; and other positions of equivalent rank.

Government Corporations

Heads, Assistant Heads, Regional Directors, Chiefs of Departments and other positions of Equivalent rank

Local

Governors, City Mayors, Municipal Mayors,

* Metro Manila – Manila, Quezon City, Caloocan City, Pasay City, Makati, Mandaluyong, San Juan, Pasig, Paranaque, Marikina, Las Piñas, Muntinlupa, Pateros
Other highly urbanized cities – Baguio City, Olongapo City, Bacolod City, Iloilo City, Cebu City, Zamboanga City, Butuan City, Cagayan de Oro City, Davao City, Iligan City

Vice-Governors, City Vice-Mayors, Municipal Vice-Mayors

Group II

First five days	₱90.00	₱80.00	₱70.00
After five days	70.00	70.00	70.00

Middle Management positions and equivalent

National

Chiefs of Divisions, and other positions of equivalent rank

Government Corporations

Chiefs of Divisions, and other positions of equivalent rank

Local

Members of Sanggunians Chiefs of departments/ offices, Assistant chiefs of departments/offices, chiefs of divisions

Group III

First five days	₱80.00	₱70.00	₱60.00
After five days	60.00	60.00	60.00

All other national, government-owned and/or controlled corporation and local government employees

SECTION 2. The daily travelling allowances authorized in Section 1 hereof, shall be inclusive of the per diem rates, daily allowances, incidental transportation and other related expenses while in the field.

SECTION 3. The travelling allowances authorized herein shall apply to officials and employees of government owned and/or controlled corporations and no additional emoluments in the nature of per diems or travelling expenses within the country may be authorized by any governing board of government owned and/or controlled corporation including financial institutions.

SECTION 4. For CY 1986, ministries/agencies, government corporations and local government units shall live within their appropriated, budget for travel; hence, there shall be no increase in their appropriation for the purpose. For CY 1987, the total amount to be appropriated for travel allowance, exclusive of actual transportation cost such as plane/boat/bus fares, shall be based on the exigencies of the service and on the actual travel needs of the ministries/agencies, government corporations and local government units as shown in their actual expenditures incurred in the preceding year.

SECTION 5. Rules and Regulations. – The Ministry of Budget and Management and the Commission on Audit shall jointly issue the rules and regulations to implement the new rates for travelling allowances.

SECTION 6. Repeal of Inconsistent Laws. – All laws decrees, orders, rules and regulations, or parts thereof which are inconsistent with this Executive Order are hereby repealed, amended and modified accordingly.

SECTION 7. Effectivity – This Executive Order shall take effect on November 1, 1986.

DONE in the City of Manila, this 29th day of October, in the year of Our Lord nineteen hundred and eighty-six.

(Sgd.) **CORAZON C. AQUINO**

By the President:
(Sgd.) **JOKER P. ARROYO**
Executive Secretary

Source: **Presidential Management Staff**

Office of the President of the Philippines. (1986). *[Executive Order Nos.: 1 - 170]*. Manila: Presidential Management Staff.

MALACAÑANG
MANILA

EXECUTIVE ORDER NO. 54
AMENDING EXECUTIVE ORDER NO. 41

WHEREAS, the Government has received many requests from various sectors of our society for an extension of the time to avail themselves of Executive Order No. 41;

WHEREAS, equity and justice require that those who have availed themselves of Executive Order No. 41 thus far should not be unduly prejudiced or penalized for having responded to the Government's offer seasonably;

NOW, THEREFORE, I, CORAZON C. AQUINO, President of the Philippines, do hereby order:

SECTION 1. The period within which taxpayers may avail themselves of the tax amnesty under Executive Order No. 41 is hereby extended up to December 5, 1986.

SECTION 2. The payment of the amnesty tax under this amendatory Executive Order shall be as follows:

(a) If ₱50,000.00 or less, the tax must be paid at the time of the filing of the return;
(b) If more than ₱50,000.00 but not exceeding ₱500,000.00, the tax must be paid on or before November 15, 1986;
(c) If more than ₱500,000.00, the tax may be paid in two (2) installments, the first installment upon the filing of the return and the second on or before December 31, 1986.

If the amnesty tax or any installment thereof under this amendatory Executive Order is not paid on its due date, a surcharge equivalent to 25% of the unpaid amount shall be collected. The unpaid tax or its installment and the surcharge shall be paid not later than one month from the due date thereof, otherwise the application for tax amnesty shall be denied. No case hereunder shall result in a refund.

SECTION 3. The taxpayers who have availed themselves of the tax amnesty under Executive Order No. 41 prior to this amendatory Executive Order shall continue to enjoy the benefits, immunities and privileges therein provided.

SECTION 4. The provisions of Executive Order No. 41 which are not contrary to or inconsistent with this amendatory Executive Order shall remain in full force and effect.

SECTION 5. The Minister of Finance, upon the recommendation of the Commissioner of Internal Revenue, shall promulgate the necessary rules and regulations to implement this Executive Order.

SECTION 6. This Executive Order shall take effect immediately.

Done in the City of Manila, this 4th day of November, in the year of Our Lord, nineteen hundred and eighty-six.

(Sgd.) **CORAZON C. AQUINO**

By the President:
(Sgd.) **JOKER P. ARROYO**
Executive Secretary

Source: **Presidential Management Staff**

Office of the President of the Philippines. (1986). *[Executive Order Nos.: 1 - 170].* Manila: Presidential Management Staff.

MALACAÑANG
MANILA

EXECUTIVE ORDER NO. 55

TRANSFERRING TO THE NATIONAL GOVERNMENT THE PHILIPPINE NUCLEAR POWER PLANT I (PNPP-I), ITS EQUIPMENT, MATERIALS, FACILITIES, RECORDS AND URANIUM FUEL, PROVIDING FOR THE ASSUMPTION OF THE REMAINING FOREIGN LOAN OBLIGATIONS OF THE NATIONAL POWER CORPORATION (NAPOCOR) WITH FOREIGN LENDERS UNDER THE LOANS CONTRACTED BY THE NATIONAL POWER CORPORATION AND GUARANTEED BY THE REPUBLIC OF THE PHILIPPINES AND OF THE PESO OBLIGATIONS INCURRED TO FINANCE THE CONSTRUCTION OF THE SAID NUCLEAR PLANT BY THE NATIONAL GOVERNMENT, AND FOR OTHER PURPOSES

WHEREAS, the Government of the Philippines has decided not to operate the Philippine Nuclear Power Plant I (PNPP-I) located in Bataan for reasons of safety and economy;

WHEREAS, the National Power Corporation (NAPOCOR) has remaining foreign loan obligations with foreign lenders for the loans contracted by it and guaranteed by the Republic of the Philippines to finance the construction of the said nuclear plant;

WHEREAS, the National Power Corporation has also incurred peso obligations to finance the construction of the Philippine Nuclear Power Plant I;

WHEREAS, the non-operation of the Philippine Nuclear Power Plant I will necessarily require the preservation, maintenance and security of the nuclear power plant, its equipment, materials, facilities, records and uranium fuel pending the results of the study on the final disposal and/or the utilization of the plant, its related equipment and facilities;

WHEREAS, as the non-operation of the Philippine Nuclear Power Plant I will not provide revenues to enable the National Power Corporation to shoulder the foreign debt service burden and the expenditures for the interim preservation and maintenance activity, the National Power Corporation must be relieved of this financial burden;

NOW, THEREFORE, I, CORAZON C. AQUINO, President of the Philippines, do hereby order:

SECTION 1. The Philippine Nuclear Power Plant I (PNPP-I) its equipment, materials and facilities, records and uranium fuel are hereby transferred and placed under the ownership and disposition of the National Government or its duly designated agency.

SECTION 2. The National Government, as guarantor of the foreign loans contracted by the National Power Corporation to finance the construction of the Philippine Nuclear Power Plant I (PNPP-I), hereby assumes all the remaining foreign obligations, including but not limited to interest charges, with the foreign lenders, thereby transferring the corresponding obligations from the National Power Corporation. Likewise, the National Government assumes all the peso obligations incurred by the National Power Corporation to finance the construction of the Philippine Nuclear Power Plant I (PNPP-I). For this purpose, there shall be appropriated out of the General Fund in the National Treasury not otherwise appropriated such sum or sums as may be necessary for the National Government to acquire the nuclear plant and its related assets and to assume corresponding liabilities therefor as well as the servicing thereof. Further, the requisite arrangements with the foreign lenders will be undertaken by the National Government and/or the National Power Corporation. Nothing in

this Executive Order shall operate to make valid or enforceable any debts that are otherwise invalid or unenforceable. Nor shall this Executive Order operate as estoppel or a waiver of any defenses or claims the National Power Corporation might have against any lending institution concerning any of the debts herein transferred, or against any other person or entity.

SECTION 3. For purposes of effecting the transfer of the nuclear power plant and of the remaining foreign loan obligations, an inventory of the plant and its related assets and an accounting of the remaining foreign obligations shall be undertaken jointly by the National Power Corporation and the National Government thru its duly authorized representatives, within a reasonable time from the effectivity of this Executive Order.

SECTION 4. Until the National Government or its duly designated government agency shall have studied and ultimately determined the disposition of the Philippine Nuclear Power Plant I (PNPP-I), the National Power Corporation is hereby designated as the caretaker thereof, undertaking the necessary and requisite preservation, maintenance and security program therefor with the expenditures necessarily connected thereto to be shouldered by the National Government for which purpose there shall likewise be an annual appropriation of such sums out of the General Fund in the National Treasury not otherwise appropriated.

SECTION 5. All laws, parts of laws, orders or ordinances, or regulations in conflict with the provisions of this Executive Order are hereby repealed, amended or modified accordingly.

SECTION 6. This Executive Order shall take effect October 1, 1986.

Done in the City of Manila, this 4th day of November, in the year of Our Lord, nineteen hundred and eighty-six.

(Sgd.) **CORAZON C. AQUINO**

By the President:
(Sgd.) **JOKER P. ARROYO**
Executive Secretary

Source: **Presidential Management Staff**

Office of the President of the Philippines. (1986). *[Executive Order Nos.: 1 - 170]*. Manila: Presidential Management Staff.

MALACAÑANG
MANILA

EXECUTIVE ORDER NO. 56
AUTHORIZING THE MINISTRY OF SOCIAL SERVICES AND DEVELOPMENT TO TAKE PROTECTIVE CUSTODY OF CHILD PROSTITUTES AND SEXUALLY EXPLOITED CHILDREN, AND FOR OTHER PURPOSES

WHEREAS, for those who fall prey to prostitution and other forms of sexual exploitation due to their fragile age, immediate protection must be accorded by the government to arrest their moral decline and lead them back to the path of morality;

WHEREAS, in pursuance of its responsibility over the welfare of the youth, the Ministry of Social Services and Development must be given more powers to implement effectively the government's commitment against child prostitution and exploitation;

NOW, THEREFORE, I, CORAZON C. AQUINO, President of the Philippines, do hereby order:

SECTION 1. Notwithstanding any provision of law to the contrary, any minor who is apprehended or taken into custody by any peace officer of by the duly authorized officers of the Ministry of Social Services and Development for engaging in prostitution or other illicit conduct punished under existing laws shall, immediately from such apprehension, be delivered by the arresting officer to the Ministry of Social Services and Development or to its duly authorized office or agency within a particular territorial jurisdiction for protective custody.

The Ministry of Social Services and Development shall be responsible for the appearance of the minor under its protective custody in court or any administrative agency whenever required.

For the purpose of this Executive Order, a minor shall refer to any person below sixteen (16) years of age.

SECTION 2. The Ministry of Social Services and Development shall provide suitable programs for the full rehabilitation of the minors under its custody which shall, among others, include the appreciation of proper moral values, psychological or psychiatric treatment, education in the probable physical ailment or disease which they may contract or the dangers of unwanted pregnancy, and appropriate training for work-skills to prepare them for a decent living.

SECTION 3. The custody of persons, other than the apprehended minor, shall be in accordance with the ordinary criminal procedure as prescribed by the Rules of Court and other laws.

SECTION 4. The Ministry of Social Services and Development shall notify the mayors of the municipalities and cities of the business establishments, clubs, or houses, used or allowed to be used for prostitution of minors, and petition for the immediate forfeiture of their business licenses and closure of their business establishments.

SECTION 5. The sum of Three Million (₱3,000,000.00) Pesos is hereby appropriated out of any available funds in the National Treasury not otherwise appropriated, to defray the expenses of the Ministry of Social Services and Development in the implementation of this Executive Order. Thereafter, such sums as may be necessary for this purpose shall be included in the annual General Appropriations Act.

SECTION 6. The Ministry of Social Services and Development is hereby authorized to call upon any ministry, bureau, office, agency or instrumentality of the government for assistance in the implementation of this Executive Order.

SECTION 7. The Ministry of Social Services and Development shall, in coordination with the Ministry of Justice, promulgate the necessary rules and regulations to implement this Executive Order.

SECTION 8. All laws, orders, issuances and rules and regulations or parts thereof inconsistent with this Executive Order are hereby repealed or modified accordingly.

SECTION 9. This Executive Order shall take effect immediately.

Done in the City of Manila, this 6th day of November, in the year of Our Lord, nineteen hundred and eighty-six.

(Sgd.) **CORAZON C. AQUINO**

By the President:
(Sgd.) **JOKER P. ARROYO**
Executive Secretary

Source: **Presidential Management Staff**

Office of the President of the Philippines. (1986). *[Executive Order Nos.: 1 - 170]*. Manila: Presidential Management Staff.

MALACAÑANG
MANILA

EXECUTIVE ORDER NO. 57
REORGANIZING THE COMMISSION ON ELECTIONS AND ENHANCING ITS INDEPENDENCE

WHEREAS, Article XII of the 1973 Constitution, providing for an independent Commission on Elections, among others, was adopted in the Provisional Constitution pursuant to Proclamation No. 3 dated March 25, 1986;

WHEREAS, the Provisional Constitution provides that the President shall give priority to measures to achieve the mandate of the people to completely reorganize the government;

WHEREAS, the independence of the Commission on Elections must also be enhanced to enable it to discharge effectively its powers and functions;

NOW, THEREFORE, I, CORAZON C. AQUINO, President of the Philippines, do hereby order:

SECTION 1. There shall be a total reorganization of the Commission on Elections: Provided, That the reorganization be done within the framework of the Commission's appropriations and in coordination with the Ministry of Budget and Management.

SECTION 2. Appropriations authorized for the Commission on Elections shall be automatically released. The quarterly release of funds by the Ministry of Budget and Management to the Commission shall be based on the latter's operating budget.

SECTION 3. Funds needed to implement this Executive Order shall be drawn from salary lapses and savings of the Commission on Elections. Subsequent funding requirements shall be incorporated in the annual appropriations of the Commission.

SECTION 4. All laws, orders, issuances, rules and regulations or any part thereof inconsistent with this Executive Order are hereby repealed or modified accordingly.

SECTION 5. This Executive Order shall take effect immediately.

Done in the City of Manila, this 6th day of November, in the year of Our Lord, nineteen hundred and eighty-six.

(Sgd.) **CORAZON C. AQUINO**

By the President:
(Sgd.) **JOKER P. ARROYO**
Executive Secretary

Source: **Presidential Management Staff**

Office of the President of the Philippines. (1986). *[Executive Order Nos.: 1 - 170]*. Manila: Presidential Management Staff.

MALACAÑANG
MANILA

EXECUTIVE ORDER NO. 58
RATIONALIZING FEES AND OTHER CHARGES ON FIREARMS, EXPLOSIVES AND EXPLOSIVES INGREDIENTS, SECURITY AGENCIES AND SECURITY GUARDS

WHEREAS, the current rates of fees and other charges being collected by the Philippine Constabulary/Integrated National Police on firearms, explosives and explosives ingredients, security agencies and security guards are not sufficient to cover administrative costs and other expenses incurred for services rendered in connection therewith;

WHEREAS, the revision of the rates of existing fees and other charges on firearms, explosives and explosives ingredients, security agencies and security guards and the imposition of new ones will provide the necessary financial support to meet the increasing cost of administrative services of, and regulation by, the Philippine Constabulary/Integrated National Police;

NOW, THEREFORE, I, CORAZON C. AQUINO, President of the Philippines, do hereby order:

SECTION 1. The provisions of Batas Pambansa Blg. 325 and its implementing rules and regulations and other laws to the contrary notwithstanding, the rates of license/registration/permit fees, other charges, and penal/administrative fines relative to firearms, explosives and explosives ingredients, security agencies and security guards shall be as follows:

	Rate
1. Annual Firearm License Fees	
(a) Rifle Cal .22	₱100.00
(b) Shotgun (all gauges)	120.00
(c) Pist/Rev Cal. .22 (Ord)	150.00
(d) Pist/Rev Call .25; .32; .38; 380; 9MM; 7.65; 6.35 & Magnum .22 rimfire	180.00
(e) Pist/Rev Cal .45; Magnum Cal .22 centerfire, .357, .41 and .44	200.00
(f) HP Rifles	200.00
2. Permit to Purchase Explosives/Explosives Ingredients:	
(a) Explosives	100.00
(b) Explosives Ingredients	50.00
3. Storage Fee (Annual)	500.00
4. Permit to import Explosives and its Ingredients	200.00
5. Permit to Unload Explosives and its Ingredients	100.00
6. Annual Private Security License/Registration:	
(a) Scty Offr/Pvt Det/Consultant	50.00
(b) Pvt Scty Gd/Supervisor	25.00
(c) Pvt Scty Agcy & Coy Guard Forces	1,000.00
(d) Registration Fees of Scty Guards by Scty Agencies	10.00
7. Penal/Administrative Fines:	
(a) Rifle Cal .22	500.00
(b) Shotgun (all gauges)	700.00
(c) Pist/Rev Cal .25 (Ord)	800.00

(d) Pist/Rev Cal .25; .32; .38; 380; 9MM; 7.65; 6.35 and Magnum 22 rimfire	900.00
(e) Pist/Rev Cal .45; Magnum Cal .22 centerfire, .357, .41 and .44	1,000.00
(f) HP Rifles	1,000.00

SECTION 2. The Philippine Constabulary/Integrated National Police is hereby authorized to impose the following fees for licenses issued in connection with explosives/explosives ingredients:

License (Annual)	RATE
(a) Dealer's License – License authorizing the importation, purchase, possession, sale, transfer and general business handling gunpowder, dynamite, explosives or their ingredients.	₱500.00
(b) Manufacturer's license – License authorizing the manufacture of gunpowder, dynamite, explosives or their ingredients.	1,000.00
(c) Purchaser's license – License authorizing the purchase and possession of dynamite, explosives or ingredients for use of mines, quarries, road construction, wrecking and for use in any other legal and lawful occupation.	200.00
(d) Foreman's license – License authorizing the purchase and possession of dynamite, explosives or their ingredients by workmen in mines, quarries, road construction, wrecking or for use in any other legal and lawful public or private works. Licensee must be a qualified blaster or must be technically qualified to handle explosives.	₱100.00

SECTION 3. The rates of fees and charges provided under this Executive Order shall take effect on January 1, 1987.

SECTION 4. All laws, orders, issuances, and rules and regulations or parts thereof inconsistent with this Executive Order are hereby repealed or modified accordingly.

Done in the City of Manila, this 7th day of November, in the year of Our Lord, nineteen hundred and eighty-six.

(SGD.) **CORAZON C. AQUINO**
President of the Philippines

By the President:
(SGD.) **JOKER P. ARROYO**
Executive Secretary

Source: **Presidential Management Staff**

Office of the President of the Philippines. (1986). *[Executive Order Nos.: 1 - 170]*. Manila: Presidential Management Staff.

MALACAÑANG
MANILA

EXECUTIVE ORDER NO. 59
REPEALING PRESIDENTIAL DECREES NOS. 1404, 1836, 1877 AND 1877-A

WHEREAS, the former President, through Presidential Decree No. 1404, empowered himself to authorize longer periods for the delivery of persons arrested for the crimes or offenses enumerated in the said decree;

WHEREAS, the former President, through Presidential Decree No. 1836, empowered himself to issue orders of arrest or commitment orders during a state of martial law or when the privilege of the writ of habeas corpus is suspended against persons whose arrest or detention was in his judgement, required by public safety and as a means to quell invasion, insurrection or rebellion or imminent danger thereof;

WHEREAS, under the said decree, arrested or detained persons could not be released until so ordered by the former President or his duly authorized representative;

WHEREAS, the former President, through Presidential Decree No. 1877, again empowered himself to issue preventive detention actions against persons ascertained to be participants in the commission of the crimes enumerated therein for the periods and under the conditions therein mentioned;

WHEREAS, under Presidential Decree No. 1877-A, the former President likewise authorized himself to issue preventive detention actions against persons who committed the crimes enumerated therein, in addition to those already mentioned in Presidential Decree No. 1877, and against those whose arrest and detention was, in his judgement, required by public safety as a means to repel or quell the alleged rebellion in the country;

WHEREAS, not only were the National Security Code which incorporated Presidential Decree No. 1404, and Proclamation Nos. 2045 and 2045-A on which Presidential Decree Nos. 1877 and 1877-A were based, repealed, but the authorization of longer periods for the delivery of detained persons under Presidential Decree No. 1404, the presidential order of arrest or commitment order under Presidential Decree No. 1836, and the preventive detention action under Presidential Decree No. 1877, as amended by Presidential Decree No. 1877-A, also undermine the rights and freedoms of the Filipino people and are therefore patently inconsistent with Proclamation No. 3 dated March 25, 1986;

WHEREAS, the incumbent President is mandated to give priority to measures to achieve the mandate of the people to make effective the guarantees of the rights and freedoms of the Filipino people, and provide remedies against violations thereof

NOW, THEREFORE, I, CORAZON C. AQUINO, President of the Philippines, do hereby order:

SECTION 1. Presidential Decree No. 1404, "FURTHER AMENDING ARTICLE 125 OF THE REVISED PENAL CODE, AS AMENDED", Presidential Decree No. 1836, "DEFINING THE CONDITIONS UNDER WHICH THE PRESIDENT MAY ISSUE ORDERS OF ARREST OR COMMITMENT ORDERS DURING MARTIAL LAW OR WHEN THE PRIVILEGE OF THE WRIT OF HABEAS CORPUS IS SUSPENDED" and Presidential Decree No. 1877, "PROVIDING FOR THE ISSUANCE OF A PREVENTIVE DETENTION ACTION AND FOR OTHER PURPOSES",

as amended by Presidential Decree No. 1877-A, and the rules, regulations and instructions issued to implement the aforesaid decrees are hereby repealed.

SECTION 2. This Executive Order shall take effect immediately.

Done in the City of Manila, this 7th day of November, in the year of Our Lord, nineteen hundred and eighty-six.

(Sgd.) **CORAZON C. AQUINO**
President of the Philippines

By the President
(Sgd.) **JOKER P. ARROYO**
Executive Secretary

Source: **Presidential Management Staff**

Office of the President of the Philippines. (1986). *[Executive Order Nos.: 1 - 170]*. Manila: Presidential Management Staff.

MALACAÑANG
MANILA

EXECUTIVE ORDER NO. 60
AMENDING SECTION 4 OF EXECUTIVE ORDER NO. 1061, ENTITLED "ESTABLISHING THE PHILIPPINE RICE RESEARCH INSTITUTE (PRRI)"

WHEREAS, the Philippine Rice Research Institute was established to develop, in coordination with the University of the Philippines, a national rice research program so as to sustain and further improve the gains already made in rice production, improve the income and economic condition of small rice farmers, expand employment opportunities in the rural areas and ultimately promote the general welfare of the people through self-sufficiency in rice production;

WHEREAS, a definite tenure of office for the members of the Board of Trustees and a broader representation from all sectors in the rice industry is necessary in order that the Philippine Rice Research Institute can effectively accomplish its purposes and objectives;

NOW, THEREFORE, I, CORAZON C. AQUINO, President of the Republic of the Philippines, do hereby order:

SECTION 1. Section 4 of Executive Order No. 1061 is hereby amended to read as follows:

> "Section 4. Board of Trustees. The corporate powers of the Institute shall be exercised, and all its business activities and properties shall be controlled by a Board of Trustees, hereinafter referred to as the Board, composed of the Minister of Agriculture and Food as Ex-Officio Chairman and twelve (12) other members to be appointed by the President of the Philippines upon recommendation of the Minister of Agriculture and Food. The appointive members of the Board shall serve for two (2) years.

The Board shall meet regularly at least once a quarter or as often as the exigencies of the service demand. The presence of at least seven (7) members shall constitute a quorum, and the majority vote of the members present, there being a quorum shall be necessary for the adoption of any resolution, rule, regulation, decision or any other act of the Board.

The Members of the Board, including the Chairman, shall receive per diem, as the Board may determine, for each Board Meeting actually attended; Provided, That such per diem shall not exceed Two Thousand Pesos (₱2,000.00) during any one month for each member. The said members shall also be entitled to reimbursable transportation and representation allowances in going to and coming from Board meetings and transacting official business for the Institute."

SECTION 2. All laws, orders, issuances, rules and regulations or parts thereof inconsistent with this Executive Order are hereby repealed or modified accordingly.

SECTION 3. This Executive Order shall take effect immediately.

DONE in the City of Manila, this 7TH day of November, in the Year of Our Lord, nineteen hundred and eighty-six.

(Sgd.) **CORAZON C. AQUINO**

By the President:
(Sgd.) **JOKER P. ARROYO**
Executive Secretary

Source: **Presidential Management Staff**

Office of the President of the Philippines. (1986). *[Executive Order Nos.: 1 - 170]*. Manila: Presidential Management Staff.

MALACAÑANG
MANILA

EXECUTIVE ORDER NO. 61
PROVIDING FOR THE TRANSMISSION FREE OF CHARGE WITHIN THE PHILIPPINES OF OFFICIAL MAIL MATTER OF CITY AND PROVINCIAL FISCALS

I, CORAZON C. AQUINO, President of the Philippines, do hereby order:

SECTION 1. City and Provincial Fiscals may transmit in the mail, free of charge, all official communications and papers directly connected with the conduct of their functions

SECTION 2. The envelope or wrapper of the privileged mail matter shall bear on the left upper corner the name, official designation and station of the official sending such mail matter and on the right upper corner, the words: "Private or unauthorized use to avoid payment of postage is penalized by fine or imprisonment or both".

SECTION 3. The Minister of Transportation and Communications within thirty (30) days from the publication of this Order, shall promulgate the necessary rules and regulations to carry out the foregoing provisions, Provided, That any person who uses the privilege granted hereunder for private or unauthorized purposes shall be punished by a fine of five hundred pesos or imprisonment of not more than three years or both.

SECTION 4. This Executive Order shall take effect immediately.

Done in the City of Manila, this 7th day of November, in the year of Our Lord, nineteen hundred and eighty-six.

(Sgd.) **CORAZON C. AQUINO**
President of the Philippines

By the President:
(Sgd.) **JOKER P. ARROYO**
Executive Secretary

Source: **Presidential Management Staff**

Office of the President of the Philippines. (1986). *[Executive Order Nos.: 1 - 170]*. Manila: Presidential Management Staff.

MALACAÑANG
MANILA

EXECUTIVE ORDER NO. 62
INCREASING THE PENALTIES PROVIDED FOR BY ARTICLE 235 OF ACT NO. 3815, AS AMENDED, THE REVISED PENAL CODE, ON THE MALTREATMENT OF PRISONERS

WHEREAS, the penalties provided for under Article 235 of Act No. 3815, as amended, the Revised Penal Code, have not deterred the commission of the acts sought to be penalized by the said article, as evidenced by the widespread occurrence of torture and other cruel, humiliating and degrading treatment of prisoners during the past regime;

WHEREAS, to prevent the occurrence of such crimes, there is a need to increase the penalties provided for by Article 235 of the Revised Penal Code on the maltreatment of prisoners;

NOW, THEREFORE, I, CORAZON C. AQUINO, President of the Philippines, hereby order:

SECTION 1. Article 235 of Act No. 3815, as amended, the Revised Penal Code, is hereby amended to read as follows:

> "ART. 235. Maltreatment of prisoners. – The penalty of prision correccional in its medium period to prision mayor in its minimum period, in addition to his liability for the physical injuries or damage caused, shall be imposed upon any public officer or employee who shall overdo himself in the correction or handling of a prisoner or detention prisoner under his charge, by the imposition of punishments not authorized by the regulations, or by inflicting such punishments in a cruel and humiliating manner.
>
> If the purpose of the maltreatment is to extort a confession, or to obtain some information from the prisoner, the offender shall be punished by prision mayor in its minimum period, temporary absolute disqualification and a fine not exceeding six thousand (₱6,000.00) pesos, in addition to his liability for the physical injuries or damage caused."

SECTION 2. This Executive Order shall take effect immediately.

Done in the City of Manila, this 7th day of November, in the year of Our Lord nineteen hundred and eighty-six.

(Sgd.) **CORAZON C. AQUINO**
President of the Philippines

By the President:
(Sgd.) **JOKER P. ARROYO**
Executive Secretary

Source: **Presidential Management Staff**

Office of the President of the Philippines. (1986). *[Executive Order Nos.: 1 - 170]*. Manila: Presidential Management Staff.

MALACAÑANG
MANILA

EXECUTIVE ORDER NO. 63
GRANTING INCENTIVES TO FOREIGN INVESTMENT IN TOURIST-RELATED PROJECTS AND TOURIST ESTABLISHMENTS AND FOR OTHER PURPOSES

WHEREAS, the development of international tourism could significantly be enhanced through the acquisition or operation of tourist establishments and tourist-related projects in our country and by the infusion of capital therein, by foreign investors;

WHEREAS, it is also the desire of government to dispose of its tourist-related assets, the management of which by the private sector will contribute to the national developmental efforts and to the national economic recovery;

WHEREAS, it is thus necessary to grant benefits and incentives to attract foreign investors to invest in tourist- related projects and tourist establishments;

NOW, THEREFORE, I, CORAZON C. AQUINO, President of the Philippines, do hereby order:

SECTION 1. Foreign Investors. – Any alien who invests the amount of at least US$50,000.00 in a tourist-related project or in any tourist establishment as determined by the Committee created herein shall be entitled to the benefits and incentives granted in this Executive Order: Provided, That such investment be made in accordance with the limitations set by the Constitution. For purposes of compliance with this particular condition, the alien applicant shall prove that he has remitted such amount in any acceptable foreign currency to the Philippines.

In the determination of the areas of investments, the Committee shall take into consideration the following criteria: the investment shall promote the development of the tourism industry, shall provide more opportunities for employment, and shall increase the country's national income. The Committee shall give priority to the disposal of non-performing tourism-oriented assets of the government.

SECTION 2. Incentives to Investors. – The following benefits and incentives shall be available to an investor under this Executive Order:

(a) Special Investor Resident Visa – The investor, his wife and unmarried minor children shall be permitted to enter and reside in the Philippines as special investor residents for as long as the investment subsists: Provided, That (1) they have not been convicted of a crime involving moral turpitude; (2) they are not afflicted with any loathsome, dangerous or contagious disease; and (3) they have not been institutionalized for any mental disorder or disability; and Provided, further, That the said investor visits the country at least twice a year and stays in the country at least seven (7) days for each visit. The said investor, his wife and unmarried minor children shall be issued a multiple entry special investor resident visa to enter and leave the Philippines without further documentary requirements other than valid passports or other travel documents in the nature of passports. They shall be exempt from payment of alien immigration and registration fees and from securing alien certificates of registration.

Should the investor withdraw his investment from the Philippines, or transfer his investment to any other area without the prior approval of the Committee created herein, the special investor resident visas issued to him, his wife and unmarried minor children may be revoked by the Philippine

government. For this purpose, he shall submit an annual report, in the form duly prescribed for the purpose, to prove that he has maintained his investment in the country.

(b) Remittance of Earnings – The investor shall have the right to remit earnings from the investment in the currency in which the investment was originally made and at the exchange rate prevailing at the time of remittance, subject to the provisions of Section 74 of Republic Act No. 265, as amended; Provided, That the investment is registered with the Central Bank, and reported to and registered with the Board of Investments.

(c) Repatriation of Proceeds – The investor shall have the right to repatriate the entire proceeds of the liquidation of the investments in the currency in which the investment was originally made and at the exchange rate prevailing at the time of repatriation, subject to the provisions of Section 74 of Republic Act 265, as amended.

(d) Right of Succession – In case of death, the surviving immediate family shall be entitled to the same privileges.

SECTION 3. Creation of Committee. – There is hereby created a Committee composed of the representatives of the Ministry of Tourism, Ministry of Foreign Affairs, Board of Investments, Commission on Immigration and Deportation, National Economic and Development Authority and the Central Bank of the Philippines. The representative of the Ministry of Tourism shall act as Chairman of the Committee.

SECTION 4. Implementing Rules and Regulations. – The Committee shall implement the provisions of this Executive Order. For this purpose, the Committee shall promulgate the rules and regulations to implement this Executive Order.

SECTION 5. Repealing Clause. – All laws, orders, issuances, rules and regulations or parts thereof inconsistent with this Executive Order are hereby repealed or modified accordingly.

SECTION 6. Effectivity. – This Executive Order shall take effect immediately.

Done in the City of Manila, this 7th day of November, in the year of Our Lord, nineteen hundred and eighty-six.

(SGD.) **CORAZON C. AQUINO**
President of the Philippines

By the President
(SGD.) **JOKER P. ARROYO**
Executive Secretary

Source: **Presidential Management Staff**

Office of the President of the Philippines. (1986). *[Executive Order Nos.: 1 - 170]*. Manila: Presidential Management Staff.

MALACAÑANG
MANILA

EXECUTIVE ORDER NO. 64
FURTHER AMENDING EXECUTIVE ORDER NO. 41, AS AMENDED

WHEREAS, the numerous requests from the various sectors of society for the expansion of the scope of the tax amnesty under Executive Order No. 41, as amended, and for further extension thereof, must be heeded;

WHEREAS, taxpayers who have responded seasonably to the government's offer under Executive Order No. 41, as amended, should not be prejudiced or penalized;

NOW, THEREFORE, I, CORAZON C. AQUINO, President of the Philippines, do hereby order:

SECTION 1. The Title of Executive Order No. 41, as amended, is hereby amended to read as follows:

> "DECLARING A ONE-TIME TAX AMNESTY COVERING INCOME TAXES, ESTATE AND DONOR'S TAXES UNDER TITLE III, AND THE TAX ON BUSINESS UNDER CHAPTER II, TITLE V, OF THE NATIONAL INTERNAL REVENUE CODE, AS AMENDED, FOR THE YEARS 1981-1985"

SECTION 2. The scope and coverage of Executive Order No. 41, as amended, is hereby expanded to include not only income taxes but also estate and donor's taxes under Title III and the tax on business under Chapter II, Title V, of the National Internal Revenue Code, as amended, for the years 1981-1985.

SECTION 3. The immunities and privileges provided under Section 6 of Executive Order No. 41, as amended, for the time period January 1, 1981 to December 31, 1985 is hereby extended to the tax liabilities provided in Section 2 hereof.

SECTION 4. The period within which taxpayers may avail themselves of the tax amnesty under Executive Order No. 41, as amended, and the expanded tax amnesty under this amendatory Executive Order shall be until December 15, 1986; Provided, That any taxpayer who has filed an amnesty return under the provisions of Executive Orders Nos. 41 and 54 can avail himself of the benefits, immunities and privileges under this amendatory Executive Order by filing an amended return and paying an additional 5% on the increase in net worth to cover business, estate and donor's tax liabilities; Provided, Further, That such additional amnesty tax payment shall not be less than FOUR THOUSAND PESOS (₱4,000.00) for individuals and NINE THOUSAND PESOS (₱9,000.00) for corporations.

SECTION 5. Taxpayers who have not filed an amnesty return under Executive Orders Nos. 41 and 54 can avail themselves of the benefits, immunities and privileges under this amendatory Executive Order by filing the required amnesty return and statement of assets, liabilities and net worth, and paying an amnesty tax of 15% on the increase in the net worth as defined in Executive Order No. 41; Provided, That such amnesty tax payment shall not be less than NINE THOUSAND PESOS (₱9,000.00) for individuals and NINETEEN THOUSAND PESOS (₱19,000.00) for corporations.

SECTION 6. The payment of the amnesty tax under this amendatory Executive Order shall be as follows:

a. If ₱50,000 or less, the tax must be paid at the time of the filing of the return.

b. If more than ₱50,000 but not exceeding ₱500,000, payment may be made in two equal installments, the first upon filing of the return and the second on or before December 31, 1986.

c. If more than ₱500,000, the tax may be paid in three equal installments, the first upon the filing of the return, the second on or before December 31, 1986 and the third on or before January 31, 1987.

SECTION 7. The surcharge and refund provisions of Executive Order No. 41 shall remain in force.

SECTION 8. The provisions of Executive Orders Nos. 41 and 54 which are not contrary to or inconsistent with this amendatory Executive Order shall remain in full force and effect.

SECTION 9. The Minister of Finance, upon the recommendation of the Commissioner of Internal Revenue, shall promulgate the necessary rules and regulations to implement this Executive Order.

SECTION 10. This Executive Order shall take effect immediately.

Done in the City of Manila, this 17th day of November, in the year of Our Lord, nineteen hundred and eighty-six.

(Sgd.) **CORAZON C. AQUINO**

By the President:
(Sgd.) **JOKER P. ARROYO**
Executive Secretary

Source: **Presidential Management Staff**

Office of the President of the Philippines. (1986). *[Executive Order Nos.: 1 - 170]*. Manila: Presidential Management Staff.

MALACAÑANG
MANILA

EXECUTIVE ORDER NO. 65
REPEALING PRESIDENTIAL DECREE NO. 90 AND LETTER OF INSTRUCTIONS NO. 50

WHEREAS, Presidential Decree No. 90 which declares unlawful and penalizes rumor-mongering and spreading false information, was issued under martial law purportedly to curb the said acts which are allegedly insidious means of disrupting the peace, order and tranquility throughout the country;

WHEREAS, Letter of Instructions No. 50 was issued to provide guidelines for the implementation thereof;

WHEREAS, instead of promoting the said objective, the aforesaid issuances in effect paved the way for violations of the freedom of expression of the people;

WHEREAS, notwithstanding the repeal of the National Security Code which incorporated the aforesaid issuances and the evident inconsistency thereof with the mandate to make effective the guarantees of the rights and freedoms of the Filipino people under Proclamation No. 3, dated March 25, 1986, doubts still exist on whether or not the said issuance are still in force and effect;

WHEREAS, to erase the said doubts, there is a need to repeal expressly Presidential Decree No. 90 and Letter of Instructions No. 50.

NOW, THEREFORE, I, CORAZON C. AQUINO, President of the Philippines, do hereby order the repeal of Presidential Decree No. 90 entitled "DECLARING UNLAWFUL RUMOR-MONGERING AND SPREADING FALSE INFORMATION" and Letter of Instructions No. 50, providing guidelines for the implementation of said Decree.

This Order shall take effect immediately.

DONE in the City of Manila, this 21st day of November, in the year of Our Lord, nineteen hundred and eighty-six.

(Sgd.) **CORAZON C. AQUINO**
President of the Philippines

By the President:
(Sgd.) **JOKER P. ARROYO**
Executive Secretary

Source: **Presidential Management Staff**

Office of the President of the Philippines. (1986). *[Executive Order Nos.: 1 - 170]*. Manila: Presidential Management Staff.

MALACAÑANG
MANILA

EXECUTIVE ORDER NO. 66
AMENDING SUBSECTIONS "C" AND "F" OF SECTION THREE HUNDRED TWO OF PRESIDENTIAL DECREE NUMBERED FOURTEEN HUNDRED SIXTY-FOUR, OTHERWISE KNOWN AS THE TARIFF AND CUSTOMS CODE OF 1978, AS AMENDED

WHEREAS, Presidential Decree No. 1973 was promulgated to align Philippine national legislation, regulations and administrative procedures on countervailing investigations with the provision of the General Agreement of Tariffs and Trade (GATT) Code on Subsidies and Countervailing Duties;

WHEREAS, pursuant to such alignment, there is a need to amend the present provision of the Tariff and Customs Code concerning the amount of countervailing bond, as a provisional remedy;

WHEREAS, the present provision on the effectivity period of a countervailing decision is not clear and has caused some confusion;

NOW, THEREFORE, I, CORAZON C. AQUINO, President of the Philippines, do hereby order:

SECTION 1. Subsections "c" and "f" of Section 302 of Presidential Decree No. 1464, as amended, are hereby amended to read as follows:

> "Sec. 302. Countervailing Duty
>
> c. Pending investigation and final decision of the case, the article in question shall not be released from customs custody to the owner except upon the filing of a bond equal to the ascertained or estimated amount of bounty, subsidy or subvention as provisionally determined by Minister of Finance:
>
> x x x
>
> f. Any countervailing decision promulgated by the Minister shall be effective for a period of five (5) years from the time of its promulgation except upon the representation of the interested party of the necessity to continue the implementation of said decision, in which case the Minister shall advise the Commission to conduct an investigation to determine whether the conditions in paragraph "a" still exist. The action for extension shall be brought before the Minister at least six (6) months before the expiration of the period.
>
> The findings of the Commission shall be submitted to the Minister at least three (3) months before the expiration of the period.

SECTION 2. All laws, orders, issuances, rules and regulations or parts thereof inconsistent with this Executive Order are hereby repealed or modified accordingly.

SECTION 3. This Executive Order shall take effect immediately.

Done in the City of Manila, this 21st day of November, in the year of Our Lord, nineteen hundred and eighty-six.

(Sgd.) **CORAZON C. AQUINO**

By the President:
(Sgd.) **JOKER P. ARROYO**
Executive Secretary

Source: **Presidential Management Staff**

Office of the President of the Philippines. (1986). *[Executive Order Nos.: 1 - 170].* Manila: Presidential Management Staff.

MALACAÑANG
MANILA

EXECUTIVE ORDER NO. 67
REORGANIZING THE CIVIL SERVICE COMMISSION

WHEREAS, the President, under Proclamation No. 3 dated March 25, 1986, shall give priority to measures to achieve the mandate of the people to completely reorganize the government;

NOW, THEREFORE, I, CORAZON C. AQUINO, President of the Philippines, do hereby order:

SECTION 1. Title. This Executive Order shall be known and cited as the "Reorganization Act of the Civil Service Commission".

SEC. 2. Reorganization. The Civil Service Commission an independent constitutional body, hereinafter referred to as the Commission, is hereby reorganized, structurally and functionally.

SEC. 3. The Commission and its Composition. The Commission shall be composed of a Chairman and two (2) Commissioners to be appointed by the President for a term of seven (7) years in accordance with the Constitution, without reappointment. Appointment to any vacancy shall only be for the unexpired portion of the term of the predecessor.

SEC. 4. Powers and Functions. The Commission shall have the following powers and functions:

(a) Administer and enforce the Constitutional and statutory provisions on the merit system for all levels and ranks in the Civil Service;
(b) Prescribe, amend and enforce rules and regulations for carrying into effect the provisions of this Executive Order, the Civil Service Law and other pertinent laws;
Promulgate policies, standards and guidelines for the Civil Service and adopt plans and programs to promote economical, efficient and effective personnel administration in the government;
Formulate policies and regulations for the administration, maintenance and implementation of position classification and compensation, and set standards for the establishment, allocation and reallocation of pay scales, classes and positions;
(e) Render opinions and rulings on all personnel and other Civil Service matters which shall be binding on all heads of ministries, offices and agencies;
(f) Appoint and discipline its officers and employees in accordance with law and exercise control and supervision over its activities;
(g) Control, supervise and coordinate Civil Service examinations. Any entity or official in government may be called upon by the Commission to assist in the preparation and conduct of the said examinations including the provision of security, the use of buildings, facilities, personnel and mode of transportation of examination materials. Examination materials shall be exempt from inspection regulations;
(h) Prescribe all forms for Civil Service examinations, appointments, reports and such other forms as may be required by law, rules and regulations;
(i) Declare positions in the Civil Service primarily confidential, highly technical or policy determining, as may be proper;

(j) Formulate, administer and evaluate programs relative to the development and retention of qualified and competent work force in the public service;

(k) Hear and decide administrative cases instituted by or brought before it directly or on appeal, including contested appointments, and review decisions and actions of its offices and of the agencies attached to it. Officials and employees who fail to comply with such decisions, orders, or rulings shall be liable for contempt of the Commission. Its decisions, orders, or rulings shall be final and executory. Such decisions, orders, or rulings may be brought to the Supreme Court on certiorari by the aggrieved party within thirty (30) days from receipt of a copy thereof;

Issue subpoena and subpoena duces tecum for the production of documents and records pertinent to investigations and inquires conducted by it in accordance with its authority conferred by the Constitution, this Executive Order, pertinent laws, proclamations and other issuances of the President;

(m) Advise the President on all matters involving personnel management in the government service and submit to the President an annual report on its personnel programs;

Take appropriate actions on all appointments and other personnel matters in the Civil Service including extension of service beyond retirement age;

Delegate authority for the performance of any function to ministries, agencies and offices where such function may be effectively performed;

Inspect and audit the personnel actions and programs of the ministries, agencies, bureaus, offices, local government units and other instrumentalities of the government, including government-owned and/or controlled corporations; conduct periodic review of the decisions and actions of the offices or officers to whom authority has been delegated by the Commission as well as the conduct of the officers and employees in these offices and apply appropriate sanctions whenever necessary;

Administer the retirement program for government officers and employees, and accredit government services and evaluate qualifications for retirement;

Keep and maintain personnel records of all officers and employees in the Civil Service; and

Perform all functions properly belonging to a central personnel agency and such other functions as may be provided by law.

SEC. 5. Duties and Responsibilities of the Chairman. Subject to the policies and rules adopted by the Commission, the Chairman shall:

(a) Direct all operations of the Commission;

(b) Establish procedures for the effective operations of the Commission;

Transmit to the President rules and regulations, and other guidelines adopted by the Commission which require Presidential attention including annual and other periodic reports;

Issue appointments to, and enforce decisions on administrative discipline involving officers and employees of the Commission;

Delegate authority for the performance of any function to officers and employees of the Commission;

Approve and submit the annual and supplemental budget of the Commission; and

Perform such other functions as may be provided by law.

SEC. 6. Duties and Responsibilities of the Members of the Commission. Jointly with the Chairman, the two (2) Commissioners shall be responsible for the effective exercise of the rule-making and adjudicative functions of the Commission. They shall likewise perform such functions as may be delegated by the Commission. In case of the absence of the Chairman owing to illness or other cause, the senior member shall perform the functions of the Chairman.

SEC. 7. Offices in the Commission. The Commission shall have the following Offices which shall be headed, except as otherwise provided herein, by a Director and assisted by at least one (1) Assistant Director.

a. The Office of the Executive Director. This Office shall be headed by an Executive Director who shall be assisted by a Deputy Executive Director. It shall implement the policies, standards, rules and regulations promulgated by the Commission; coordinate the programs of the Offices therein; render periodic reports on the operations thereof; and perform such other functions as may be assigned thereto.

b. The Merit Systems Protection Board. It shall be composed of a Chairman and two (2) members. It shall have the following functions:

> Hear and decide on appeal administrative cases involving officers and employees of the Civil Service. Its decision shall be final except those involving dismissal or separation from the service which may be appealed to the Commission;
> Hear and decide cases brought before it on appeal by officers and employees who feel aggrieved by the determination of appointing authorities involving personnel actions and violations of the merit system. The decisions of the Board shall be final except those involving division chiefs or officers of higher ranks which may be appealed to the Commission;
> Directly take cognizance of complaints affecting the functions of the Commission, those which are unacted upon by the agencies, and such other complaints which require direct action of the Board in the interest of justice
> Administer oaths, issue subpoena and subpoena duces tecum, take testimony in any investigation or inquiry, punish for contempt in accordance with the same procedures and penalties prescribed in the Rules of Court; and
> Promulgate rules and regulations to carry out the functions of the Board subject to the approval of the Commission.

c. The Office of Legal Affairs. It shall provide the Commission with legal advice and assistance, render counselling services, undertake legal studies and researches; prepare opinions and rulings in the interpretation and application of the Civil Service Law, rules and regulations; prosecute violations of such laws, rules and regulations; and represent the Commission before any Court or tribunal.

d. The Office of Planning and Management. It shall formulate development plans, programs and projects; undertake research and studies on the different aspects of public personnel management; administer management improvement programs; and provide fiscal and budgetary services.

e. The Central Administrative Office. It shall provide the Commission with personnel, financial, logistics and other basic support services.

f. The Office of Central Personnel Records. It shall formulate and implement policies, standards, rules and regulations pertaining to personnel records maintenance, security control and disposal; provide storage and extension services; and provide and maintain library services.

g. The Office of Position Classification and Compensation. It shall formulate and implement policies, standards, rules and regulations relative to the administration of position classification and compensation.

h. The Office of Recruitment, Examination and Placement. It shall provide leadership and assistance in developing and implementing the overall Commission programs relating to recruitment, examination and placement, and formulate policies standards, rules and regulations for the proper implementation of the Commission's examination and placement programs.

i. The Office of Career Systems and Standards. It shall provide leadership and assistance in the formulation and evaluation of personnel systems and standards relative to performance appraisal, merit promotion, and employee incentive benefits and awards.

j. The Office of Human Resource Development. It shall provide leadership and assistance in the development and retention of qualified and efficient work force in the Civil Service formulate standards for training and staff development; administer service-wide scholarship programs; develop training literature and materials; coordinate and integrate all training activities; and evaluate training programs.

k. The Office of Personnel Inspection and Audit. It shall develop policies, standards, rules and regulations for the effective conduct of inspection and audit of personnel and personnel management programs and the exercise of delegated authority; provide technical and advisory services to Civil Service Regional Offices and government agencies in the implementation of their personnel programs and evaluation systems.

l. The Office of Personnel Relations. It shall provide leadership and assistance in the development and implementation of policies, standards, rules and regulations in the accreditation of employee associations of organizations and in the adjustment and settlement of employee grievances and management-employee disputes.

m. The Office of Corporate Affairs. It shall formulate and implement policies standards, rules and regulations governing corporate officers and employees in the areas of recruitment, examination, placement, career development, merit and awards systems, position classification and compensation, performance appraisal, employee welfare and benefits, discipline and other aspects of personnel management on the basis of comparable industry practices.

n. The Office of Retirement Administration. It shall be responsible for the enforcement of the Constitutional and statutory provisions relative to retirement, and the regulations for the effective implementation of the retirement of government officers and employees.

o. The Regional and Field Offices. The Commission shall have not less than thirteen (13) Regional Offices each to be headed by a Director, and such field offices as may be needed, each to be headed by an official with at least the rank of an Assistant Director. Each Regional Office shall have the following functions:

> Enforce Civil Service law and rules, policies, standards on personnel management within their respective jurisdiction.
> Provide technical advice and assistance to government offices and agencies regarding personnel administration; and
> Perform such other functions as may be delegated by the Commission.

SEC. 9. Divisions. Each Office of the Commission may have such divisions as are necessary to carry out their respective functions.

SEC. 10. New Structure and Pattern. Upon the approval of this Executive Order, the officers and employees of the Commission shall, in a hold-over capacity, continue to perform their respective duties and responsibilities and receive the corresponding salaries and benefits unless in the meantime they are separated from the service pursuant to Article III, Section 2, of Proclamation No. 3 (1986) or Executive Order No. 17 (1986).

Those separated from the service shall receive the retirement benefits to which they may be entitled under existing laws, rules and regulations. Otherwise, they shall be paid the equivalent of one-month basic salary for every year of service in the government, or fraction thereof, computed on the basis of the highest salary received, and an additional sum equivalent to three months of current basic salary.

No court or administrative body shall issue any writ or preliminary injunction or restraining order to enjoin the separation/replacement of any officer or employee done under this Executive Order.

SEC. 11. Transfers to the Commission. The Office of Compensation and Position Classification of the Ministry of Budget and Management and the Special Committee on Scholarships (SCS) of the National Economic and Development Authority (NEDA), together with their appropriations, records, equipment and such personnel as may be needed are hereby transferred to the Commission. The liabilities of the transferred agencies, if any, shall be dealt with in accordance with the Auditing Code and other pertinent laws, rules and regulations. Personnel of the transferred agencies, whose positions are not included in the new position structure and staffing pattern of the Commission, shall be deemed separated and shall be subject to the preceding Section 10.

SEC. 12. Development Academy of the Philippines. The Development Academy of the Philippines is hereby attached to the Commission and shall continue to exercise its primary functions of training and human resource development for the entire government bureaucracy. It shall focus on the professionalization of the government executive machinery and shall not involve itself in consultancy projects for the private sector. Such laws or issuances, as may be necessary for the reorganization of the Development Academy of the Philippines as herein authorized, shall be submitted to the President within six (6) months from the approval of this Executive Order.

SEC. 13. Membership in Boards. The Chairman shall be a member of the Board of Directors or of other governing bodies of government entities whose functions affect the career development, employment status, rights, privileges and welfare of government officers and employees, such as the Government Service Insurance System, Foreign Service Board, Foreign Trade Service Board, National Board for Teachers, and such other similar Boards as may be created by law.

SEC. 14. Funding. The amount required to carry out the provisions of this Executive Order shall be covered by the existing budget of the Commission and, in case of insufficiency thereof, to be augmented from any funds in the National Treasury not otherwise appropriated. Thereafter, the necessary funds for the yearly operations of the Commission shall be incorporated in the annual General Appropriations Act.

SEC. 15. Separability Clause. Any portion or provision of this Executive Order that may be declared unconstitutional shall not have the effect of nullifying other portions or provisions hereof, as long as such remaining portions or provisions can still subsist and be given effect in their entirety.

SEC. 16. Repealing Clause. All laws, orders, issuances, rules and regulations or other parts thereof inconsistent with this Executive Order are hereby repealed or modified accordingly.

SEC. 17. Effectivity. This Executive Order shall take effect immediately.

Done in the City of Manila, this 21st day of November, in the year of Our Lord, nineteen hundred and eighty-six.

(Sgd.) **CORAZON C. AQUINO**

By the President:
(Sgd.) **JOKER P. ARROYO**
Executive Secretary

Source: **Presidential Management Staff**

Office of the President of the Philippines. (1986). *[Executive Order Nos.: 1 - 170].* Manila: Presidential Management Staff.

MALACAÑANG
MANILA

EXECUTIVE ORDER NO. 67-A
REVOKING EXECUTIVE ORDER NO. 67

WHEREAS, Executive Order No. 67 was issued by the President to reorganize the Civil Service Commission;

WHEREAS, in view of the fact that the proposed Constitution was to be submitted to a plebiscite and it contained provisions on the Civil Service, Executive Order No. 67 must be revoked.

NOW, THEREFORE, I, CORAZON C. AQUINO, President of the Philippines, do hereby order:

SECTION 1. Executive Order No. 67 is hereby revoked.

SEC. 2. All laws, orders, issuances, rules, regulations or parts thereof inconsistent with this Executive Order are hereby repealed or modified accordingly.

SEC. 3. This Executive Order shall take effect immediately.

DONE in the City of Manila, Philippines this 26th day of November, in the year of Our Lord, nineteen hundred and eighty-six.

(Sgd.) **CORAZON C. AQUINO**
President of the Philippines

By the President:
(Sgd.) **JOKER P. ARROYO**
Executive Secretary

Source: **Presidential Museum and Library**

Office of the President of the Philippines. (1986). *Official Gazette of the Republic of the Philippines, 83(25), 2904.*

MALACAÑANG
MANILA

EXECUTIVE ORDER NO. 68
MODIFYING PRESIDENTIAL DECREE NO. 198, AS AMENDED

WHEREAS, the Local Water Utilities Administration (LWUA) was created by virtue of Presidential Decree No. 198, as amended;

WHEREAS, Section 58 of Presidential Decree No. 198, as amended, provides for a General Manager of the Local Water Utilities Administration (LWUA) while Section 23 of the said Decree likewise provides for a general manager for a local water district;

WHEREAS, there is a need to distinguish the General Manager of the Local Water Utilities Administration (LWUA) from the general managers of the various local water districts by changing the designation of the General Manager of the Local Water Utilities Administration (LWUA);

WHEREAS, as a consequence, the title of the next in rank of the General Manager of the Local Water Utilities Administration (LWUA) should be similarly changed;

NOW, THEREFORE, I, CORAZON C. AQUINO, President of the Philippines, do hereby order:

SECTION 1. Section 58 of Chapter 5, Title III of Presidential Decree No. 198, as amended, is hereby modified to the extent that the title of the head of the Local Water Utilities Administration (LWUA) is changed from General Manager to Administrator and the officer(s) next in rank shall be designated as Deputy Administrator(s).

SECTION 2. This Executive Order shall take effect immediately.

DONE in the City of Manila, this 21st day of November, in the year of Our Lord, nineteen hundred and eighty-six.

(Sgd.) **CORAZON C. AQUINO**
President of the Philippines

By the President:
(Sgd.) **JOKER P. ARROYO**
Executive Secretary

Source: **Presidential Management Staff**

Office of the President of the Philippines. (1986). *[Executive Order Nos.: 1 - 170]*. Manila: Presidential Management Staff.

MALACAÑANG
MANILA

EXECUTIVE ORDER NO. 69
INCREASING THE AVIATION SECURITY FEE ON DEPARTING INTERNATIONAL PASSENGERS AS PRESCRIBED IN LETTER OF INSTRUCTIONS NO. 414-A DATED JUNE 17, 1976

WHEREAS, to meet the thrusts of the National Action Committee on Anti-Hijacking (NACAH) to upgrade its manpower and technical operational capabilities in accordance with international aviation security standards, adequate operational and logistical funds thereto must be provided through an increase in the aviation security fee on departing international passengers;

NOW, THEREFORE, I, CORAZON C. AQUINO, President of the Philippines, do hereby order:

SECTION 1. Any provision of law to the contrary notwithstanding, the Aviation Security Fee (ASF) being collected from every departing international passenger under Letter of Instructions No. 414-A, dated June 17, 1976, is hereby increased from TEN PESOS (₱10.00) to THIRTY PESOS (₱30.00).

SECTION 2. Letter of Instructions No. 414-A, dated June 17, 1976, is modified accordingly. All laws, orders, issuances and rules and regulations or parts thereof inconsistent with this Executive Order are hereby repealed or modified accordingly.

SECTION 3. This Executive Order shall take effect immediately.

Done in the City of Manila, this 21st day of November, in the year of Our Lord, nineteen hundred and eighty-six.

(Sgd.) **CORAZON C. AQUINO**

By the President
(Sgd.) **JOKER P. ARROYO**
Executive Secretary

Source: **Presidential Management Staff**

Office of the President of the Philippines. (1986). *[Executive Order Nos.: 1 - 170]*. Manila: Presidential Management Staff.

MALACAÑANG
MANILA

EXECUTIVE ORDER NO. 70
FURTHER RESTRUCTURING THE IMPORT DUTY RATES AND CLASSIFICATIONS OF CERTAIN ARTICLES UNDER SECTION 104 OF THE TARIFF AND CUSTOMS CODE, AS AMENDED

WHEREAS, the current economic recovery programs calls for the promotion of domestic production;

WHEREAS, the lifting of import restrictions on certain commodities under the import liberalization plan could adversely affect certain domestic industries;

WHEREAS, restructuring the rates of import duties on certain articles could offset some adverse effects of the import liberalization plan and even out the protection levels accorded to various domestic industries;

NOW, THEREFORE, I, CORAZON C. AQUINO, President of the Philippines, do hereby order:

SECTION 1. The rates of import duties and the classifications of the following articles under Section 104 of the Tariff and Customs Code, as amended, are hereby modified, to wit:

Tariff Heading No.		Description of Articles	Rate of Duty (ad valorem) Present	Prescribed
02.01		Meat and edible offals of the animals falling within heading No. 01.01, 01.02, 01.03 or 01.04, fresh, chilled or frozen:		
		Meat of bovine animals, with bone-in	(5%)	20%
		Meat of bovine animals, boneless	(5%)	20%
		Meat of sheep or goats	(5%)	20%
		Meat of swine	(5%)	20%
		Meat of horses, asses, mules or hinnies	(5%)	20%
	600	Offals	(5%)	20%
04.01	000	Milk and cream, fresh, not concentrated or sweetened	(5%)	10%
04.02		Milk and cream, preserved, concentrated or sweetened:		
		Whey	(5%)	10%
05.04	000	Guts, bladders and stomachs of animals (other than fish), whole and pieces thereof		
05.15		Animal products not elsewhere specified or included; dead animals of Chapter 1 or Chapter 3, unfit for human consumption:	(5%)	10%

	100	Animal semen for breeding purposes (e.g. bull semen), silkworm eggs, and brine shrimp eggs for hatching for use as live-feed in prawn fry culture	(5%)	10%
	200	x x x		
	900	x x x		
07.05		Dried leguminous vegetables, shelled, whether or not skinned or split:		
		White beans, green peas and chick peas in bulk container exceeding 45 kgs. gross weight	(5%)	10%
		x x x		
23.01		Flours and meals, of meat, offals, fish, crustaceans or molluscs, unfit for human consumption; greaves:		
		Flours and meals, of meat or offals, unfit for human consumption; greaves	(5%)	10%
		Flours and meals, of fish, crustaceans or molluscs, unfit for human consumption:		
		Other	(5%)	10%
73.01	000	Pig iron, cast iron and spiegeleisen, in pigs, blocks, lumps and similar forms	(5%)	10%
73.03		Waste and scrap metal of iron or steel:		
		Of pig or cast iron	(5%)	0%
		Of alloy steel	(5%)	10%
	900	Other	(5%)	10%
73.04	000	Shot and angular grit, of iron or steel, whether or not graded; wire pellets of iron or steel	(5%)	10%
73.05		Iron or steel powders; sponge iron or steel:		
	100	Iron or steel powders, including sponge iron powder	(5%)	10%
	200	Sponge iron or steel, not in powder form	5%)	10%
73.06		Puddled bars and pilings; ingots, blocks, lumps and similar forms, of iron or steel:		
	100	Puddled bars and pilings; blocks lumps and similar forms	(5%)	10%
	200	Ingots	(5%)	10%
73.07	000	Blooms, billets, slabs and sheets bars (including tinplate bars), of iron or steel; pieces roughly shaped by forging, of iron or steel		10%
73.08	000	Iron or steel coils for re-rolling		10%
73.13		Sheets and plates of iron or steel, hot rolled or cold-rolled:		
	400	Tinned		20%

SECTION 2. The following articles as classified under Section 104 of the Tariff and Customs Code of 1978, as amended, are hereby deleted from the said section:

Tariff Heading No.		Description of Articles	Rate of Duty (ad valorem)
73.07		Blooms, billets, slabs and sheet bars (including tinplate bars), or iron or steel; pieces roughly shaped by forging, of iron or steel:	
	100	Slabs when imported directly by hot rolling mills for flat rolling under prior authorization of the Iron and Steel Authority	Free
	900	Other	5%
73.08		Iron or steel coils for re-rolling:	
		When imported directly by cold reduction mills for re-rolling under prior authorization of the Iron and Steel Authority	Free
		Other	10%
73.13		x x x	
		x x x	
		When imported directly by food processors upon prior authorization of the Iron and Steel Authority	Free
		Other	30%

SECTION 3. The rates of import duties and the classifications of other articles under Section 104 of the Tariff and Customs Code of 1978, as amended, which are not affected by the provisions of Sections 1 and 2 hereof, shall remain in full force and effect.

SECTION 4. All laws, orders, issuances, rules and regulations, or parts thereof inconsistent with this Executive Order are hereby repealed or modified accordingly.

SECTION 5. This Executive Order shall take effect immediately.

DONE in the City of Manila, this 25th day of November, in the year of Our Lord, nineteen hundred and eighty-six.

(Sgd.) **CORAZON C. AQUINO**

By the President:
(Sgd.) **JOKER P. ARROYO**
Executive Secretary

Source: **Presidential Management Staff**

Office of the President of the Philippines. (1986). *[Executive Order Nos.: 1 - 170]*. Manila: Presidential Management Staff.

MALACAÑANG
MANILA

EXECUTIVE ORDER NO. 71
AMENDING SECTION 201 OF THE TARIFF AND CUSTOMS CODE OF THE PHILIPPINES, CHANGING THE BASE FOR CUSTOMS VALUATION FROM HOME CONSUMPTION VALUE TO COST, INSURANCE AND FREIGHT (C.I.F.) AND FOR OTHER PURPOSES

WHEREAS, the predominant international customs valuation system is the Cost, Insurance and Freight (C.I.F.);

WHEREAS, the Philippines adopts the Home Consumption Value System of valuation;

WHEREAS, the Government recognizes the importance of aligning its system with that of its international trading partners, particularly the Association of Southeast Asian Nations (ASEAN);

WHEREAS, the Cost, Insurance and Freight (C.I.F.) valuation system conforms more to existing customs administrative procedures and practices formulated to facilitate the flow of international trade;

NOW, THEREFORE, I, CORAZON C. AQUINO, President of the Philippines, do hereby order:

SECTION 1. Section 201 of the Tariff and Customs Code of the Philippines, is hereby amended to read as follows:

> "SEC. 201. Basis of Dutiable Value. – The dutiable value of an imported article subject to an ad valorem rate of duty shall be based on the transaction value or price of same, like or similar articles, as bought and sold or offered for sale freely in the usual wholesale quantities in the ordinary course of trade in the principal markets of the exporting country on the date of exportation to the Philippines (excluding internal excise taxes to be remitted or rebated) or where there is none on such date, then on the transaction value or price nearest to the date of exportation, including the value of all containers, coverings and/or packings of any kind and all other expenses, costs and charges incident to placing the article in a condition ready for shipment to the Philippines, and freight as well as insurance premium covering the transportation of such article to the port of entry in the Philippines.
>
> The transaction value under this section shall be the value or price declared in the commercial, trade or sales invoice. Where there exists a reasonable doubt as to the value or price of the imported article declared in the entry, the correct dutiable value of the article shall be ascertained by the Commissioner of Customs from the reports of the Revenue Attache or Commercial Attache (Foreign Trade Promotion Attache), pursuant to Republic Act Numbered Fifty-Four Hundred and Sixty-Six or other Philippine diplomatic officers and from such other information that may be available to the Bureau of Customs.
>
> When the dutiable value provided for in the preceding paragraphs can not be ascertained for failure of the importer to produce the documents mentioned in the second paragraph, or where there exists a reasonable doubt as to the

dutiable value of the imported article declared in the entry, it shall be the domestic wholesale selling price or such or similar article in Manila or other principal markets in the Philippines on the date the duty becomes payable on the article under appraisement, on the usual wholesale quantities and in the ordinary course of trade, minus

Twenty-five (25) per cent thereof for expenses and profits; and
Duties and taxes paid thereon."

SECTION 2. The Commissioner of Customs shall, subject to the approval of the Minister of Finance, promulgate all rules and regulations necessary to enforce the provisions of this Executive Order.

SECTION 3. All laws, orders, issuances, rules and regulations or parts thereof inconsistent with this Executive Order are hereby repealed or modified accordingly.

SECTION 4. This Executive Order shall take effect immediately.

Done in the City of Manila, this 25th day of November, in the year of Our Lord, nineteen hundred and eighty-six.

(Sgd.) **CORAZON C. AQUINO**

By the President:
(Sgd.) **JOKER P. ARROYO**
Executive Secretary

Source: **Presidential Management Staff**

Office of the President of the Philippines. (1986). *[Executive Order Nos.: 1 - 170].* Manila: Presidential Management Staff.

MALACAÑANG
MANILA

EXECUTIVE ORDER NO. 72
FURTHER AMENDING SECTION 227 OF THE NATIONAL INTERNAL REVENUE CODE, AS AMENDED, AND FOR OTHER PURPOSES

WHEREAS, there is a need to rationalize the taxes and exemptions on franchises by prescribing a new rate structure on franchise operators and withdrawing income tax exemptions;

NOW, THEREFORE, I, CORAZON C. AQUINO, President of the Philippines, do hereby order:

SECTION 1. Section 227 of the National Internal Revenue Code, as amended, is hereby further amended to read as follows:

> "Section 227. Tax on franchises. – Any provision of general or special law to the contrary notwithstanding, there shall be levied, assessed and collected in respect to all franchises, upon the gross receipts from the business covered by the law granting the franchise, a tax in accordance with the schedule prescribed hereunder:
>
> (a) On electric utilities, city gas and water supplies – – – Two (2%) per cent
> (b) On telephone and/or telegraph systems, and radio broadcasting stations – – – – – – – Three (3%) per cent
> (c) On other franchises – Five (5%) per cent
>
> The grantee shall file the return with, and pay the tax due thereon to, the Commissioner of Internal Revenue or his duly authorized representative in accordance with the provisions of Section 162 of this Code, and the return shall be subject to audit by the Bureau of Internal Revenue, any provision of any existing law to the contrary notwithstanding."

SECTION 2. Any provision of general or special law to the contrary notwithstanding, all grantees of franchises shall be subject to income tax levied under Title II of the National Internal Revenue Code, as amended.

SECTION 3. Section 1 of Republic Act No. 2889, Section 1 of Presidential Decree No. 551, as amended, Section 15(1) of Presidential Decree No. 1445, the pertinent provisions of the charters of franchise grantees, and all other laws, orders, issuances, rules and regulations or parts thereof, inconsistent with this Executive Order are hereby repealed or modified accordingly.

SECTION 4. This Executive Order shall take effect immediately.

Done in the City of Manila, this 25th day of November, in the year of Our Lord, nineteen hundred and eighty-six.

(Sgd.) **CORAZON C. AQUINO**

By the President:
(Sgd.) **JOKER P. ARROYO**
Executive Secretary

Source: **Presidential Management Staff**

Office of the President of the Philippines. (1986). *[Executive Order Nos.: 1 - 170].* Manila: Presidential Management Staff.

MALACAÑANG
MANILA

EXECUTIVE ORDER NO. 73
PROVIDING FOR THE COLLECTION OF REAL PROPERTY TAXES BASED ON THE 1984 REAL PROPERTY VALUES, AS PROVIDED FOR UNDER SECTION 21 OF THE REAL PROPERTY TAX CODE, AS AMENDED

WHEREAS, the collection of real property taxes is still based on the 1978 revision of property values;

WHEREAS, the latest general revision of real property assessments completed in 1984 has rendered the 1978 revised values obsolete;

WHEREAS, the collection of real property taxes based on the 1984 real property values was deferred to take effect on January 1, 1988 instead of January 1, 1985, thus depriving the local government units of an additional source of revenue;

WHEREAS, there is an urgent need for local governments to augment their financial resources to meet the rising cost of rendering effective services to the people;

NOW, THEREFORE, I, CORAZON C. AQUINO, President of the Philippines, do hereby order:

SECTION 1. Real property values as of December 31, 1984 as determined by the local assessors during the latest general revision of assessments shall take effect beginning January 1, 1987 for purposes of real property tax collection.

SECTION 2. The Minister of Finance shall promulgate the necessary rules and regulations to implement this Executive Order.

SECTION 3. Executive Order No. 1019, dated April 18, 1985, is hereby repealed.

SECTION 4. All laws, orders, issuances, and rules and regulations or parts thereof inconsistent with this Executive Order are hereby repealed or modified accordingly.

SECTION 5. This Executive Order shall take effect immediately.

Done in the City of Manila, this 25th day of November, in the year of Our lord, nineteen hundred and eighty-six.

(Sgd.) **CORAZON C. AQUINO**

By the President:
(Sgd.) **JOKER P. ARROYO**
Executive Secretary

Source: **Presidential Management Staff**

Office of the President of the Philippines. (1986). *[Executive Order Nos.: 1 - 170]*. Manila: Presidential Management Staff.

MALACAÑANG
MANILA

EXECUTIVE ORDER NO. 74
GRANTING YEAR-END BONUS AND CASH GIFT TO NATIONAL AND LOCAL GOVERNMENT OFFICIALS AND EMPLOYEES

WHEREAS, it is the policy of the government to improve the economic welfare of government employees.

WHEREAS, the government is cognizant of the important contribution of government officials and employees in providing quality service to the Filipino People.

WHEREAS, in recognition of this important service, the government would like to brighten the Christmas spirit by providing government officials and employees with a year-end bonus as well as with an additional Cash Gift.

NOW, THEREFORE, I, CORAZON C. AQUINO, President of the Philippines, do hereby Direct:

SECTION 1. All officials and employees of the National Government, as well as all officials and employees of Local Government Units, who, as of October 31, 1986 have rendered at least four months of service, shall receive a year-end bonus equivalent to one month basic salary.

SECTION 2. An additional Cash Gift of P1,000 shall likewise be granted to all officials and employees, of the National Government and of the Local Government Units, covered under Section 1 above.

SECTION 3. Officials and employees already receiving Christmas or year-end bonus or their equivalent, shall only receive such amount as shall be necessary to bring such Christmas, year-end or equivalent bonuses equal to the amounts provided under Sections One and Two above.

SECTION 4. Officials and employees already receiving Christmas or year-end bonus or their equivalent, equal to or more than the amount provided under Sections One and Two above, shall no longer be entitled to the amount granted under this Executive Order.

SECTION 5. Funds needed to implement this Order for both National and Local Government employees, shall be taken from the Salary Adjustment Fund and from such other appropriations as the Ministry of Budget and Management may determine.

SECTION 6. The Ministry of Budget and Management shall issue the implementing circular to carry out this Executive Order

DONE in the City of Manila this 26th of November, in the Year of Our Lord nineteen hundred and eighty-six.

(Sgd.) **CORAZON C. AQUINO**
President of the Philippines

By the President:
(Sgd.) **JOKER P. ARROYO**
Ex. Sec

Source: **Presidential Management Staff**

Office of the President of the Philippines. (1986). *[Executive Order Nos.: 1 - 170]*. Manila: Presidential Management Staff.

MALACAÑANG
MANILA

EXECUTIVE ORDER NO. 74-A
EXPANDING THE COVERAGE OF THE YEAR-END BONUS

WHEREAS, it is the desire of the Government to spread the joys of Christmas to as many of its employees as possible within the constraints of the limited financial resources of the Government.

NOW, THEREFORE, I, CORAZON C. AQUINO, President of the Republic of the Philippines, do hereby direct:

SECTION 1. Officials and employees of the National Government and government owned or controlled corporations who have rendered less than four months of service from January 1, 1986 to October 31, 1986 shall be entitled solely to the following cash gift:

Length of Service	Amount
3 months but less than 4 months	P400.00
2 months but less than 3 months	300.00
1 month but less than 2 months	200.00
less than one month	100.00

SECTION 2. Officials and employees of local government units who have rendered the length of service provided for in the preceding section shall likewise be entitled to the prorated cash gift enumerated above, subject to the availability of local funds.

SECTION 3. The Ministry of Budget and Management shall issue the implementing rules and regulations.

SECTION 4. Executive Order shall take effect immediately.

Manila, December 19 1986

(Sgd.) **CORAZON C. AQUINO**

by the President:
(Sgd.) **JOKER P. ARROYO**
Executive Secretary

Source: **Presidential Management Staff**

Office of the President of the Philippines. (1986). *[Executive Order Nos.: 1 - 170]*. Manila: Presidential Management Staff.

MALACAÑANG
MANILA

EXECUTIVE ORDER NO. 75
UPGRADING THE SALARY SCALES OF FORESTERS AND LEGAL OFFICERS OF THE MINISTRY OF NATURAL RESOURCES

WHEREAS, there is a need to motivate foresters and legal officers of the Ministry of Natural Resources in the discharge of their duties;

NOW, THEREFORE, I, CORAZON C. AQUINO, President of the Philippines, do hereby order:

SECTION 1. The basic salary of all forestry positions in the Ministry of Natural Resources and its bureaus and attached agencies requiring the minimum qualification of a degree in forestry, shall be upgraded by four (4) steps in the government salary scale or approximately equivalent to twenty (20) percent.

SEC. 2. The basic salary of all legal officers of the Ministry of Natural Resources shall be upgraded or adjusted to the same salary scale granted to legal officers of the Ministries of Agrarian Reform, Justice, and Labor and Employment under Executive Order No. 1059 pursuant to the provisions of Presidential Decree No. 1726.

SEC. 3. Notwithstanding the salary adjustments in Sections 1 and 2 hereof, positions in the Career Executive Service and their equivalents shall continue to be paid in accordance with the rules and regulations of the Career Executive Service and are not to be exceeded or equalled by subordinates.

SEC. 4. Adjustments of salary shall be subject to the condition that no subordinate shall be paid higher than the immediate supervisor.

SEC. 5. The procedures, rules and regulations necessary to carry out this Executive Order shall be formulated and issued by the Office of Budget and Management.

SEC. 6. The amounts necessary to cover the salary increases as herein provided shall be charged against salary lapses and other personal services savings in the respective appropriations of the bureaus, offices, and agencies of the Ministry of Natural Resources.

SEC. 7. All laws, orders, issuances, rules and regulations or parts thereof which are inconsistent with this Executive Order are hereby modified or repealed accordingly.

SEC. 8. The salary increases shall be effective on the date of the approval of this Executive Order.

Done in the City of Manila, this 28th day of November, in the year of Our Lord, nineteen hundred and eighty-six.

(Sgd.) **CORAZON C. AQUINO**

By the President:
(Sgd.) **JOKER P. ARROYO**
Executive Secretary

Source: **Presidential Management Staff**

Office of the President of the Philippines. (1986). *[Executive Order Nos.: 1 - 170].* Manila: Presidential Management Staff.

MALACAÑANG
MANILA

EXECUTIVE ORDER NO. 76

AMENDING SECTION 1 OF PRESIDENTIAL DECREE NO. 1955, BY INCLUDING THE NEW ARMED FORCES OF THE PHILIPPINES COMMISSARY AND EXCHANGE SERVICE (NAFPCES) AND THE PC/INP SERVICE STORES SYSTEM (PC/INPSSS) AMONG THE EXEMPTION

WHEREAS, the recent economic crisis resulted in financial dislocation of every segment of our society, to include members of the New Armed Forces;

WHEREAS, the withdrawal of the tax-free privileges of the NAFP Commissary and Exchange Service and the PC/INP Service Stores System aggravated the financial and economic sufferings of the veterans and the members of the New Armed Forces of the Philippines and the Integrated National Police and their dependents;

WHEREAS, there is a need to alleviate the economic well-being as well as the morale of the guardians of peace and democracy of our country;

NOW, THEREFORE, I, CORAZON C. AQUINO, President of the Philippines, do hereby direct and order that:

SECTION 1. Section 1 of Presidential Decree No. 1955 is hereby amended to include the New Armed Forces of the Philippines Commissary and Exchange Service and the PC/INP Service Stores System, among the exemption from the withdrawal of duty and tax privilege.

"(f) New Armed Forces of the Philippines Commissary and Exchange Service
(g) PC/INP Service Stores System"

SEC. 2. This Executive Order shall take effect immediately.

DONE in the City of Manila, this 2nd day of December, in the year of Our Lord, nineteen hundred and eighty-six.

(Sgd.) **CORAZON C. AQUINO**

By the President:
(Sgd.) **JOKER P. ARROYO**
Acting Executive Secretary

Source: **Presidential Management Staff**

Office of the President of the Philippines. (1986). *[Executive Order Nos.: 1 - 170]*. Manila: Presidential Management Staff.

MALACAÑANG
MANILA

EXECUTIVE ORDER NO. 77
FURTHER AMENDING EXECUTIVE ORDER NO. 755, AS AMENDED

WHEREAS, it is necessary to provide combat clothing in kind to officers assigned or detailed with units engaged in actual combat operations or with the field headquarters of combat units in the same manner that enlisted personnel, draftees and trainees of the New Armed Forces of the Philippines (NAFP) similarly situated are granted such incentive under Executive Order No. 755, as amended:

NOW, THEREFORE, I, CORAZON C. AQUINO, President of the Philippines, do hereby order:

SECTION 1. Paragraph 1 of Executive Order No. 755 dated December 21, 1981, as amended by Executive Order No. 1003, dated January 25, 1985, is hereby further amended to read as follows:

> "1. Combat clothing in kind shall be granted to officers, enlisted personnel, draftees and trainees of the New Armed Forces of the Philippines (NAFP) while they are assigned or detailed with units engaged in actual combat operations or with the field Headquarters of combat units. Said combat clothing shall be over and above that authorized by existing laws and regulations and to be issued once a year: Provided, That before any of the above military personnel can be entitled to the said combat clothing, he must have completed at least six (6) months service with a combat unit: Provided, further, That the Minister of National Defense, upon the recommendation of the Chief of Staff, NAFP, shall prescribe the items of combat clothing and the quantity of each item to be issued."

SECTION 2. The Minister of National Defense is hereby authorized to promulgate the necessary rules and regulations to implement this Executive Order.

SECTION 3. All laws, orders, issuances, rules and regulations or parts thereof inconsistent with this Executive Order are hereby repealed or modified accordingly

SECTION 4. This Executive Order shall take effect immediately.

Done in the City of Manila, this 2nd day of December, in the year of Our Lord, nineteen hundred and eighty-six.

(Sgd.) **CORAZON C. AQUINO**

By the President:
(Sgd.) **JOKER P. ARROYO**
Acting Executive Secretary

Source: **Presidential Management Staff**

Office of the President of the Philippines. (1986). *[Executive Order Nos.: 1 - 170]*. Manila: Presidential Management Staff.

MALACAÑANG
MANILA

EXECUTIVE ORDER NO. 78
AMENDING PARAGRAPH 4 OF SECTION 5 OF REPUBLIC ACT NUMBER 291, AS AMENDED, ENTITLED "AN ACT TO PROVIDE FOR THE PROCUREMENT, PROMOTION AND ELIMINATION OF REGULAR OFFICERS OF THE ARMED FORCES OF THE PHILIPPINES AND FOR OTHER PURPOSES.

WHEREAS, there is an imperative necessity to enhance merit and fairness in the promotion system of the officers in the New Armed Forces of the Philippines (NAFP) that would ultimately strengthen unity within the military establishment;

NOW, THEREFORE, I, CORAZON C. AQUINO, President of the Philippines, do hereby order:

SECTION 1. Paragraph 4 of Section 5 of Republic Act No. 291 is hereby amended to read as follows:

> "(4) Members of each Selection Board shall be composed of Regular and Reserve Officers: Provided, That the Chairman and the majority of the members thereof shall be Regular Officers. They must be senior in permanent grade to any officer being considered by their board, and must be holding a commission at least in the grade of Captain or its equivalent rank in the Navy."

SECTION 2. All laws, orders, issuances, rules and regulations or parts thereof inconsistent with this Executive Order are hereby repealed or modified accordingly.

SECTION 3 This Executive Order shall take effect immediately.

Done in the City of Manila, this 2nd day of December, in the year of Our Lord, nineteen hundred and eighty-six.

(Sgd.) **CORAZON C. AQUINO**

By the President
(Sgd.) **JOKER P. ARROYO**
Acting Executive Secretary

Source: **Presidential Management Staff**

Office of the President of the Philippines. (1986). *[Executive Order Nos.: 1 - 170]*. Manila: Presidential Management Staff.

MALACAÑANG
MANILA

EXECUTIVE ORDER NO. 79
PROVIDING GUIDELINES ON THE TOUR OF ACTIVE DUTY OF RESERVE OFFICERS AND STRENGTHENING THEIR SECURITY OF TENURE AND FOR OTHER PURPOSES

WHEREAS, to prevent the demoralization of reserve officers, it is necessary to provide guidelines on the call to active duty and extensions thereof of reserve officers and to strengthen their tenure of office;

NOW, THEREFORE, I, CORAZON C. AQUINO, President of the Philippines, do hereby order:

SECTION 1. Any provision of existing law to the contrary notwithstanding, the following guidelines shall be observed in the call of Active Duty and Extensions of Active Duty of Reserve Officers:

a. A reserve officer will be initially called to active duty for a period of three (3) years. Upon satisfactory completion of his tour of active duty, it shall be extended for a period of another three (3) years.
b. A reserve officer who has satisfactorily rendered six (6) continuous years of active military service shall, upon satisfactory completion of his extended tour of active duty, be granted another extension for a period of four (4) years.
c. A reserve officer who has satisfactorily rendered a total of ten (10) years of continuous active commissioned military service shall not be reverted to inactive status, except upon his own request or for cause as may be adjudged by a court martial or by appropriate bodies existing by provisions of law or by virtue of the operation of Presidential Decree No. 1638 which provides for the forced attrition of officers based on exigencies of the service, up to the time he reaches the compulsory retirement of thirty (30) years of service or fifty six (56) years of age, whichever comes later, but not later than sixty (60) years of age.

SEC. 2. The Minister of National Defense shall issue the necessary rules and regulations to carry out this Executive Order.

SEC. 3. All laws, orders, issuances, rules and regulations, or parts thereof, inconsistent with this Executive Order are hereby repealed or modified accordingly.

SEC. 4. This Executive Order shall take effect immediately.

DONE in the City of Manila, this 2nd day of December, in the year of Our Lord, nineteen hundred and eighty-six.

(Sgd.) **CORAZON C. AQUINO**

By the President:
(Sgd.) **JOKER P. ARROYO**
Acting Executive Secretary

Source: **Presidential Management Staff**

Office of the President of the Philippines. (1986). *[Executive Order Nos.: 1 - 170].* Manila: Presidential Management Staff.

MALACAÑANG
MANILA

EXECUTIVE ORDER NO. 80
PROVIDING FOR THE 1986 REVISED CHARTER OF THE PHILIPPINE NATIONAL BANK

WHEREAS, it is the policy of the state that the national interest in both the maintenance of economic stability and the promotion of economic development is best served by a system of financial intermediation that places primary reliance on the private sector, on the market mechanism, and on the maintenance of conditions of competition;

WHEREAS, within the context of the general policy there nevertheless exists a clear role for direct government participation in the banking system, particularly in servicing the requirements of agriculture, small and medium scale industry, export development, and the government sector;

WHEREAS, in pursuit of this national policy there is need to restructure the government financial institutions, particularly the Philippine National Bank, to achieve a more efficient and effective use of available scarce resources, to improve its viability, and to avoid unfair competition with the private sector; and

WHEREAS, the reorganization and rehabilitation of the Philippine National Bank into a smaller but stronger and more operationally viable bank is an important component of the rationalization programs for both the financial system and the government corporate sector;

NOW, THEREFORE, I, CORAZON C. AQUINO, President of the Republic of the Philippines, do hereby order:

SECT 1. This Executive Order shall be known as "The 1986 Revised Charter of the Philippine National Bank."

SEC. 2. **Name; Place of Business; Branches; Agencies and Other Offices.** –– The Philippine National Bank (hereinafter referred to as the "Bank"), a bank created under Act No. 2612, as amended, and operating under the provisions of Presidential Decree No. 694, as amended, shall henceforth operate under the provisions of this 1986 Revised Charter.

The Bank's principal office and place of business shall be in the National Capital Region, also known as Metro Manila. It may open and maintain other branches, agencies or other offices at such places in the Philippines or abroad as its Board of Directors may deem advisable, with the prior approval of the Monetary Board of the Central Bank of the Philippines.

SEC. 3. **Corporate Powers and Purposes.** –– The Bank shall be a body corporate and shall have the following powers and purposes:

> (a) To perform commercial banking, as well as expanded commercial banking functions; and, within the context of a financially viable and stable banking institution, to provide banking services for the development of agriculture and small and medium scale commercial and industrial enterprises particularly in the countryside, as provided in Section 4; to provide banking services to the National Government, other government entities and local governments; and to engage in international banking activities, particularly in the promotion of exports;

(b) To accept foreign currency deposits and operate a foreign currency deposit unit as established under Republic Act No. 6426, as amended;

(c) To accept and administer trusts and to carry on a general trust business;

(d) To act as official government depository with authority to maintain deposits of the government, its branches, subdivisions and instrumentalities, and of government owned or controlled corporations, subject to the provisions of Section 6 hereof and such rules and regulations as the Monetary Board may prescribe; and

(e) To adopt, amend, or change its By-laws; to adopt, alter and use a seal; to make contracts; to sue and be sued; and to exercise the general powers of a corporation as provided in the Corporation Code of the Philippines and the powers of a bank of its category under the General Banking Act.

The exercise of the above-mentioned powers on banking shall be subject to applicable law, as well as regulations promulgated by the Central Bank of the Philippines.

SEC. 4. **Granting of Loans; Exposure Ceilings and Limits on Equity Investments.** –– In the exercise of its lending authority, the Bank shall give preference to loans for agricultural and small-and medium-scale commercial and industrial enterprises, particularly in the countryside.

Unless otherwise provided in this Charter, loans and other credit accommodations granted by the Bank shall be subject to the appropriate applicable loan limits to any single borrower as provided for under Republic Act No. 337, as amended.

The aggregate amount of loans, guaranties and contingent accounts, to Government agencies and entities including government owned and controlled corporations shall at no time exceed the deposits and book value of the shareholdings of the Government, including government agencies and entities, government owned or controlled corporations plus twenty percent (20%) of such total.

The authority of the Bank to invest in equities of allied undertakings, financial or non-financial, as well as in non-allied undertakings, shall be governed by the provisions of Republic Act No. 337, as amended.

SEC. 5. **Authorized Capital Stock; Par Value; Sale of Shares.** –– The authorized capital stock of the Bank shall be Ten Billion Pesos to be divided into One Hundred Million common shares with par value of ₱100 per share which are available for subscription by the National Government. The common shares may be offered for sale to or subscription by private investors; Provided, that, the investment of private investors shall be subject to the applicable provisions of the General Banking Act.

The Board of Directors shall have authority to convert such number of unissued common voting shares into preferred non-voting shares to be issued for sale or subscription, with such features, terms, and restrictions as it may determine.

The issue and offering for sale of additional shares to private investors which will result in more than one-third of the common voting shares being eligible for acquisition by such investors shall require prior approval of the President of the Philippines; provided, that, where the sale of shares will result in a majority ownership by the private sector, the prior approval of the President shall also be required.

SEC. 6. **Change in Ownership of the Majority of the Voting Equity of the Bank.** –– When the ownership of the majority of the issued common voting shares passes to private investors, the stockholders shall cause the adoption and registration with the Securities and Exchange Commission of the appropriate Articles of Incorporation and revised by-laws within three (3) months from such transfer of ownership. Upon the issuance of the certificate of incorporation under the provisions of the

Corporation Code, this Charter shall cease to have force and effect, and shall be deemed repealed. Any special privileges granted to the Bank such as the authority to act as official government depository, or restrictions imposed upon the Bank, shall be withdrawn, and the Bank shall thereafter be considered a privately organized bank subject to the laws and regulations generally applicable to private banks. The Bank shall likewise cease to be a government owned or controlled corporation subject to the coverage of service-wide agencies such as the Commission on Audit and the Civil Service Commission.

The fact of the change of the nature of the Bank from a government-owned and controlled financial institution to a privately-owned entity shall be given publicity.

SEC. 7. **National Government Subscription.** –– Upon the effectivity of this Charter, the National Government shall subscribe to Twenty-Five Million common shares of stock worth Two Billion Five Hundred Million Pesos which shall be deemed paid for by the Government with the net asset values of the Bank remaining after the transfer of assets and liabilities as provided in Section 29 hereof.

SEC. 8. **Who may Vote Government-Owned Stock.** –– The voting rights of all the stock of the Bank owned and controlled by the National Government shall be vested in the President of the Philippines, or in such person or persons as the President may from time to time designate.

SEC. 9. **Board of Directors; Composition; Tenure; Per Diems**. –– The affairs and business of the Bank shall be directed and its properties managed and preserved and its corporate powers exercised, unless otherwise provided in this Charter, by a Board of Directors consisting of nine members, duly elected as herein provided for a term of one year or until their successors are duly elected and qualified.

The Chairman of the Board shall be appointed by the President of the Philippines from among members of the Board: **Provided,** That the position of Chairman of the Board and President of the Bank shall not be held by the same person.

The Chairman shall preside at meetings of the Board and of the stockholders.

The President of the Bank shall be vice-chairman of the Board and, as such, shall assist the chairman and act in his stead in case of absence or incapacity. In case of incapacity or absence of both the chairman and vice-chairman, the Board of Directors shall designate a temporary chairman from among its members.

Unless otherwise set by the Board and approved by the President of the Philippines, members of the Board shall be paid a per diem of one thousand pesos for each meeting of the Board of Directors actually attended: **Provided,** That the total amount of per diems for every single month shall not exceed the sum of Five Thousand Pesos.

SEC. 10. **Election and Qualification of Members of the Board of Directors.** –– Annually on the first Tuesday after the first Monday in March, the stockholders shall meet to elect the members of the Board of Directors for the current year. Each stockholder or proxy will be entitled to as many votes as he may have shares of stock registered in his name on the thirty-first of January last preceding and held by him at the time of the election multiplied by the number of directors to be elected. In the election of the members of the Board, stockholders shall have the right of cumulative voting as recognized by law.

No person shall be elected director of the Bank unless he is a natural-born citizen of the Philippines, not less than thirty-five years of age, of good moral character and has attained proficiency, expertise and recognized competence in one or more of the following: banking, finance, economics, law, agriculture, business management, public utility or government administration.

At least four of the elective members of the Board shall not concurrently hold appointive or elective positions in the National Government, any government-owned or controlled corporation, or in any local government.

No director, officer or employee of any other bank shall be eligible as a member of the Board of Directors of the Bank.

SEC. 11. **Powers of the Board of Directors.** –– The Board of Directors shall have, among others, the following duties, powers and authority:

(a) To formulate policies necessary to carry out effectively the provisions of this Charter;

(b) To adopt, amend or change the by-laws as well as such rules and regulations as may be necessary for the effective operation of the Bank, in conformity with this Charter and existing laws;

(c) To prescribe such terms and conditions to govern the granting of loans and credits, consistent with the provisions of this Charter;

(d) To adopt an annual budget for the effective operation and administration of the Bank;

(e) To create, establish and operate a "Self-Insurance System" in order to offset possible damage or loss of cash-in-transit that the Bank may suffer on account of cash and check remittances to its branches and agencies and vice-versa, as well as those that may arise from irregular encashment or negotiation of checks, drafts, telegraphic transfers and similar instruments, or losses arising from other forms of fraud;

(f) To create and establish a Provident Fund which shall consist of contributions made both by the Bank and its officers or employees to a common fund for the payment of benefits to such officer or employee or his heirs under such terms and conditions as the Board of Directors may fix;

(g) To compromise or release, in whole or in part, any claim, liability, or demand for or against the Bank, regardless of the amount involved, under such terms and conditions as it may impose to protect the interests of the Bank.

(h) To determine the procedure and requirements for the acquisition of properties necessary for the business of the Bank; and

(i) To dispose of properties of the Bank, whether used in the conduct of its business or acquired as a result of its banking operations, by public bidding or private negotiations as provided in Sec. 21 of this Charter.

The Board shall meet as frequently as necessary and the presence of five members shall constitute a quorum.

SEC. 12. **President of the Bank.** –– The Chief Executive Officer of the Bank shall be the President who shall be elected by the Board of Directors from among themselves with the advise and consent of the President of the Philippines. No person shall be appointed President of the Bank unless he is at least forty years of age, of good moral character and reputation, with at least ten years previous experience in banking, and has a reputed proficiency, expertise and recognized competence in banking or financial management.

The President of the Bank shall, among other powers and duties, execute and administer the policies, measures, orders and resolutions approved by the Board of Directors, and direct and supervise the operations and administration of the Bank. Particularly, he shall have the power and duty:

(a) To execute all contracts and to enter into all authorized transactions in behalf of the Bank;

(b) To exercise, as Chief Executive Officer, the power of supervision and control over decisions or actions of subordinate officers and all other powers that may be granted by the Board;

(c) To recommend to the Board the appointment, promotion, or removal of all officers of the Bank with the rank of at least Vice President or its equivalent;

(d) To appoint, promote or remove employees and officers below the rank of Vice President;

(e) To transfer, assign or reassign officers and personnel of the Bank in the interest of the service;

(f) To report periodically to the Board of Directors on the operations of the Bank;

(g) To submit annually a report on the result of the operations of the Bank to the President of the Philippines and to the private shareholders in the Bank, if any; and

(h) To delegate any of his powers, duties or functions to any official of the Bank, with the approval of the Board of Directors.

SEC. 13. **Legal Matters and Cases.** –– The Bank shall have its own Legal Department, the head of which shall be appointed by the Board of Directors of the Bank upon recommendation of the President of the Bank.

The Bank may, subject to court approval, deputize any member of its legal staff to act as Special Sheriff in the enforcement of court writs and processes in cases involving the Bank.

SEC. 14. **Bank Auditor.** –– The Commission on Audit shall be ex-officio auditor of the Bank and shall designate a representative to the Bank.

SEC. 15. **Other Officers and Employees.** –– The Board of Directors shall provide for an organization and staff of officers and employees of the Bank and upon recommendation of the President of the Bank, fix their remunerations and other emoluments.

No officer or employee of the Bank subject to the Civil Service Law shall be dismissed or suspended except as provided by law.

SEC. 16. **Examination of the Bank.** –– The Bank shall be subject to supervision and examination by the appropriate department of the Central Bank of the Philippines.

SEC. 17. **Inhibition from Board Meeting of Member with Personal Interest.** –– Whenever any member attending a meeting of the Board of Directors has a personal interest directly or indirectly, in the discussion or resolution of any given matter, said member shall not participate in the discussion or resolution of the matter and must retire from the meeting during the deliberation thereon. The minutes of the meeting, which shall note the subject matter, when resolved, the fact that a member had a personal interest in it, and the withdrawal of the member concerned, may be made available to the public.

SEC. 18. **Prohibition on Officers and Employees of the Bank.** –– Except as required by law, or upon order of a court of competent jurisdiction, or express order of the President of the Philippines or written permission of the client, no officer or employee of the Bank shall reveal to, nor allow to be examined, inquired or looked into by any third person, government official, bureau or office any information relative to details of individual accounts or specific banking transactions: **Provided,** that in respect to deposits of whatever nature, the provisions of existing laws shall apply.

This prohibition shall not apply to the exchange of confidential credit information among government financial institutions or among banks, in accordance with established banking practices or as may be allowed by law.

SEC. 19. **Borrowings by Directors, Officers and Employees – Restriction and Limitations.** –– No director or officer or employee of the Bank or any corporation, partnership, or company wherein any member of the Board of Directors, officer or employee, and/or their respective relatives within the second degree of consanguinity or affinity, is a director, officer, or controlling shareholder, shall, either directly or indirectly, for himself or as representative or agent of others, borrow any of the deposits of funds from the Bank, nor shall he become a guarantor, indorser, or surety for loans from the Bank to others, or in any manner be an obligor for money borrowed from the Bank or loaned by it: **Provided,** That this prohibition on loans to directors, officers and employees shall not include loans allowed in the form of fringe benefits granted in accordance with rules and regulations as may be prescribed by the Monetary Board of the Central Bank.

The Bank shall not grant, directly or indirectly, any loans or credit accommodations to the head or to any officer or personnel directly exercising supervisory or regulatory authority over the activities of the Bank such as those of the Central Bank of the Philippines or of the Commission on Audit.

SEC. 20. **Prohibited Interest or Fees with Reference to Obtaining Loans.** –– No director, officer or employee of the Bank shall, except as provided in the preceding Section, directly or indirectly, have any pecuniary interest in any loan from the Bank. Neither shall he charge, exact, demand or receive any fee, charge or commission in any form for his service or the use of his influence in obtaining a loan. Any violation of this Section shall be punished as hereinafter provided in Section 27 of this Charter.

SEC. 21. **Disposal of Real Estate and Other Properties in the Collection of Debts.** –– Real and other properties acquired by the Bank in the collection of debts, receivables or investments by way of foreclosure or other means shall be sold or otherwise disposed of in accordance with the policies and guidelines adopted by the Board of Directors within five years after date of their acquisition.

SEC. 22. **Right of Redemption of Foreclosed Property – Right of Possession During Redemption Period.** –– Within one year from the registration of the foreclosure sale of real property, the mortgagor shall have the right to redeem the property by paying the principal, interests, charges, commissions and all claims of whatever nature of the Bank outstanding and due as of the date of the sale including all the costs and other expenses incurred by reason of the foreclosure sale and custody of the property, as well as charges and accrued interests.

The Bank may take possession of the foreclosed property during the redemption period. When the Bank takes possession during such period, it shall be entitled to the fruits of the property with no obligation to account for them, the same being considered compensation for the interest that would otherwise accrue on the account. Neither shall the Bank be obliged to post a bond for the purpose of such possession.

SEC. 23. **Allocation of Current Net Profits.** –– At the close of the calendar year, the Bank shall determine the net results of its operations in the calculation of which adequate allowances shall be made for probable losses. Of the net profits arrived at, at least fifty percent (50%) shall be set aside and accumulated in the earned surplus account. The remaining current net profits may after an examination of the financial condition of the Bank be used for the declaration of dividends corresponding to the shares of the Government and the private stockholders. Dividends may either be in the form of cash or stock as the Board of Directors shall determine.

SEC. 24. **Payment of Cash Dividends Corresponding to Government-Owned Shares.** –– Cash dividends corresponding to the shares of the National Government shall first be set aside and used for the purpose of retiring the government securities which may have been issued by the Minister of

Finance for additional Government subscriptions to the unissued shares of the capital stock of the Bank prior to the effectivity of this Charter. Thereafter, cash dividends corresponding to the Government-owned shares shall be paid unto the Treasury of the Philippines to become part of the general funds.

SEC. 25. **Term of Legal Existence.** –– The legal existence of the Bank shall be for a period of fifty years, counted from the date the Bank operates under the provisions of this Charter.

SEC. 26. **Applicability of Banking Laws.** –– The provisions of Republic Acts No. 265, as amended, and No. 337, as amended, insofar as applicable and not in conflict with any provision of this Charter, shall apply to the Bank.

SEC. 27. **Penalties for Violation of the Provisions of this Charter.** –– Any director, officer or employee of the Bank who violates or knowingly permits the violation and any person aiding or abetting any violations of any of the provisions of this Charter, shall be punished by a fine not to exceed ten thousand pesos or by imprisonment of not more than five years or both such fine and imprisonment.

TRANSITORY PROVISIONS

SEC. 28. **Preparatory Work.** –– Upon the effectivity of this Executive Order, the Board of Directors and management of the Bank shall undertake the appropriate steps to establish its current financial condition for the purpose of determining its net asset values and the book value of shares thereof.

All shares of stock held by the Government of the Philippines in the Bank are deemed cancelled and exchanged for Twenty Five Million common shares of stock subscribed and paid-in by the Government pursuant to Section 7 hereof.

The ratio of the shareholdings of the Government of the Philippines to the shareholdings of the private shareholders before the effectivity of this Charter shall be maintained.

Private shareholders of the Bank, including holders of Common "A" shares, shall exchange their shares for such number of shares of stock of the Bank computed on the basis of the ratio of the common shares held by the Government immediately prior to the effectivity of this Charter to the new shares of stock subscribed and paid-in by the Government pursuant to Section 7 hereof.

SEC. 29. **Transfer of Assets and Liabilities of the Philippine National Bank.** – The Bank shall transfer to the National Government such of its assets and liabilities as may be necessary to rehabilitate the Bank and to start its operations under the Revised Charter on a viable basis, as determined by the appropriate authorities, such assets to include but not necessarily be limited to its acquired assets and non-performing accounts, and such liabilities to include real as well as contingent liabilities. The National Government is hereby authorized to accept the same under terms and conditions as may be mutually acceptable to the Bank and the National Government.

SEC. 30. **Maintenance, Care and Preservation of Assets Transferred to the National Government.** The Bank is hereby authorized to enter into an agreement with the National Government as transferee of assets from the Bank as hereinabove provided, either as an interim arrangement or otherwise and under such terms and conditions as may be necessary to preserve and/or to maintain and/or to dispose of such assets transferred to the National Government.

SEC. 31. **Banking Operations under the 1986 Revised Charter; Governing Laws.** –– The banking operations of the Bank shall be governed by the provisions of this Charter beginning on January 1, 1987, or on such subsequent date as may be determined by the President of the Philippines upon the recommendation of the Minister of Finance.

SEC. 32. **Loans and Other Investments, and Liabilities in Excess of Prescribed Limits.** –– Loans and other investments as well as liabilities existing as of the date of the effectivity of this Revised

Charter which as a result of the assets and liabilities transfer under Section 29 hereof will exceed the limits prescribed under the provisions of this Act, the General Banking Act or Central Bank regulations shall not be subject to such prescribed limits but shall be reduced within a period of two years unless a longer period is prescribed by the Monetary Board, and once reduced, shall not be increased beyond the prescribed limits.

SEC. 33. **Authority to Reorganize. ––** In view of reduced operations contemplated under this Charter in pursuance of the national policy expressed in the "Whereas"; clauses hereof, a reorganization of the Bank and a reduction in force are hereby authorized to achieve greater efficiency and economy in operations, including the adoption of a new staffing pattern to suit the reduced operations envisioned. The program or reorganization shall begin immediately after the approval of this Order, and shall be completed within six months and shall be fully implemented within eighteen months thereafter.

SEC. 34. **Implementing Details; Organization and Staffing of the Bank. ––** Upon the effectivity of this Charter, the incumbent Board of Directors and President of the Bank shall continue in office unless or until replaced by the President of the Philippines, provided that the provisions of Section 10 of this Charter shall be observed. The President of the Bank is hereby authorized, subject to the approval of the Board of Directors as appropriate, to issue such orders, rules and regulations as may be necessary to implement the provisions of this Charter, including those relative to the financial aspects, if any, and to the the reorganization of the Bank as hereinabove authorized under Section 33 which will involve the determination and adoption of (1) the new internal structure of the Bank as reorganized down to the divisional, section or lowest organizational levels, including such appropriate units as may be needed to handle caretaking activities such as the disposition of certain assets and the collection of certain accounts; (2) a new staffing pattern including appropriate, salary rates; and (3) the initial operating budget.

In the implementation of the reorganization of the Bank as authorized under Section 33, and in appointments to appropriate positions in the new staffing pattern of the Bank, no personnel of the Bank shall have vested rights to any position in the new staffing pattern or to be otherwise retained in the Bank even if he should be the incumbent of the same or similar position in the new staffing pattern.

SEC. 35. **Recall of External Personnel in the Bank. ––** Effective on the date the Bank commences to operate in accordance with this Charter, all representatives and/or personnel of other government offices, Commissions and government corporations assigned to or on detail with the bank are considered recalled to their respective offices and/or units. New designations to the Bank shall be made by the respective government offices or Commissions conformably with the mandate of law and the requirements of the Bank.

SEC. 36. **Separation Benefits. ––** All those who are separated from the Bank as a result of its reorganization in pursuance of Section 33 hereof shall be entitled to all gratuities and benefits provided for under existing laws and/or supplementary retirement plans adopted by and effective in the Bank.

SEC. 37. No legal action or suit brought by or on behalf of any aggrieved officer or personnel of the Bank in connection with any matter treated in these Transitory Provisions shall be received in any court unless the verified complaint shows on its face that the cause has first been submitted to, and adversely resolved by, the Civil Service Commission.

SEC. 38. **Repealing Clause. –** Subject to Section 31 of this Charter, Presidential Decree No. 694, as amended, is hereby repealed. All other laws, decrees, acts, executive orders, administrative orders, proclamations, rules and regulations or parts thereof inconsistent with any of the provisions of this Charter are hereby repealed or modified accordingly.

SEC. 39. **Separability Clause. ––** If any provision or section of this Charter or the application thereof to any person, association or circumstances is held invalid, the other pertinent provisions or

sections of this Charter and their application to such person, association or circumstances shall not be affected thereby.

SEC. 40. **Effectivity. ––** This Executive Order shall take effect upon its approval.

DONE in the City of Manila, on the 3rd day of December, in the year of Our Lord, nineteen hundred and eighty six.

(Sgd.) **CORAZON C. AQUINO**
President

By the President:
(Sgd.) **JOKER P. ARROYO**
Executive Secretary

Source: **Presidential Management Staff**

Office of the President of the Philippines. (1986). *[Executive Order Nos.: 1 - 170]*. Manila: Presidential Management Staff.

MALACAÑANG
MANILA

EXECUTIVE ORDER NO. 81
PROVIDING FOR THE 1986 REVISED CHARTER OF THE DEVELOPMENT BANK OF THE PHILIPPINES

WHEREAS, it is the policy of the State that the national interest in both the maintenance of economic stability and the promotion of economic development is best served by a system of financial intermediation that places primary reliance on the private sector, on the maintenance of conditions of competition, and on the market mechanism for its effective operations;

WHEREAS, within the context of the general policy there nevertheless exists a clear role for direct government participation in the banking system through a government development bank, particularly in servicing the medium and long term requirements of agriculture, and small and medium scale industry, export development, and the government sector;

WHEREAS, the Development Bank of the Philippines is the government financing institution charged with providing principally medium and long term credit facilities for agriculture, industry, export development, and the government sector;

WHEREAS, in pursuit of this national policy there is need to restructure the government financial institutions, particularly the Development Bank of the Philippines, to achieve a more efficient and effective use of available resources, to improve their viability, and avoid unfair competition with the private sector; and

NOW, THEREFORE, I, CORAZON C. AQUINO, President of the Philippines, do hereby order:

SECTION 1. This Executive Order shall be known as "THE 1986 REVISED CHARTER OF THE DEVELOPMENT BANK OF THE PHILIPPINES".

SEC. 2. **Name, Purpose and Domicile.** – The Development Bank of the Philippines, hereinafter called the Bank, operating under the provisions of Republic Act No. 85, as amended, shall henceforth operate under the provisions of this 1986 Revised Charter. The Bank shall be a body corporate and shall exist for a period of fifty years.

The primary purposes of the Bank shall be to provide banking services principally to service the medium and long term needs of agricultural and industrial enterprises, particularly in the countryside and preferably for small and medium scale enterprises; **Provided, however,** that the pursuit of these objectives shall be undertaken within the context of a financially viable and stable banking institution; **Provided, further,** that the Bank shall continue to be classified as a development bank, and **Provided, finally,** that unless otherwise provided herein, the Bank may perform all other functions of a thrift bank.

The Bank's principal office and place of business shall be in the National Capital Region, also known as Metro Manila. It may open and maintain branches, agencies or other offices at such places in the Philippines as its Board of Directors may deem advisable, with the prior approval of the Monetary Board of the Central Bank of the Philippines.

SEC. 3. **Corporate Powers**. The Development Bank of the Philippines shall have the power:

(a) To accept such deposits as are allowed thrift banks under existing law and Central Bank regulations, including, but not limited to demand, savings, and time deposits;

(b) To grant loans for the establishment, development or expansion of any agricultural or industrial enterprise;

(c) To accept and manage trust funds and properties and carry on the business of a trust corporation;

(d) To act as official government depository with authority to maintain deposits of the government, its subdivisions, branches, and instrumentalities, and of government-owned or controlled corporations, subject to such rules and regulations as the Monetary Board may prescribe;

(e) To acquire, assign, or otherwise dispose of marketable securities and other debt instruments which are essential to the effective conduct of its general banking activities;

(f) To enter into such contracts of guaranty or suretyship as are generally allowed domestic banking institutions under the General Banking Act; and

(g) To adopt, amend, or change its By-laws; to adopt, alter and use a seal; to make contracts; to sue and be sued; and to exercise the general powers of a corporation mentioned in the Corporation Code of the Philippines, and of a thrift bank under the General Banking Act, insofar as such powers are not inconsistent or incompatible with the provisions of this Charter.

Unless otherwise provided in this Charter, the exercise of the above-mentioned powers on banking shall be subject to applicable law, as well as regulations promulgated by the Central Bank of the Philippines.

SEC. 4. **Loans and Other Investments. –** Loans and other investments of the Bank shall be subject to the same limits and ceilings applicable to thrift banks under existing provisions of law and regulations promulgated by the Monetary Board, including but not limited to prescribed limits and ceilings; **Provided,** that loans and equity investments existing as of the date of the effectivity of this Charter and which loans and investments would exceed the prescribed limits as a result of the implementation of its rehabilitation program, as well as those investments authorized under Section 6 hereof, which are in excess of the prescribed limits shall be reduced within five years in accordance with such program of reduction as may be approved by the Monetary Board. The period of reduction may be extended up to another five years by the President of the Philippines upon recommendation by the Monetary Board.

SEC. 5. **Issuance of Bonds. –** The Bank may issue all kinds of bonds, debentures, and securities, and/or the renewal or refunding thereof (hereinafter called "Bonds"), within and/or outside the Philippines, at such terms, rates, and conditions as the Board of Directors of the Bank may determine, subject to compliance with the provisions of applicable law, and rules and regulations promulgated by the Monetary Board.

The Bank shall provide for appropriate reserves for the redemption or retirement of the bonds. These bonds and other obligations shall be redeemable at the option of the Bank at or before maturity and in such manner as may be stipulated therein and shall bear such rate of interest as may be fixed by the Bank.

Such obligations shall be secured by the assets of the Bank, including the stocks, bonds, debentures, and other securities purchased or held by it under the provisions of this Charter. These bonds and debentures may be long-term, medium-term, or short-term, with fixed interest rate or floating interest rate.

SEC. 6. **Private Development Banks, Other Thrift Banks and Rural Banks. –** The Bank may assist private development banks and other privately owned banks in the thrift bank category, as well as

rural banks, through general credit accommodations including but not limited to conduit lending and rediscounting operations, and extension of technical and managerial assistance: **Provided,** That the Bank may likewise make equity investments in private development banks and other privately owned banks in the thrift bank category, as well as rural banks, if such investment is in connection with the privatization of certain branches of the Bank; **Provided, further,** That the extent of such equity investments may, with the prior approval of the Monetary Board, exceed the ceilings prescribed in Section 4 hereof: and, Provided, finally, That after five years from effectivity of this Charter, any equity investment shall not exceed thirty (30%) per cent of the equity in any such bank nor shall its total equity investments exceed the prescribed aggregate ceiling on such investments.

SEC. 7. **Authorized Capital Stock – Par Value. –** The capital stock of the Bank shall be Five Billion Pesos to be divided into Fifty Million common shares with par value of ₱100 per share. These shares are available for subscription by the National Government. Upon the effectivity of this Charter, the National Government shall subscribe to Twenty-Five Million common shares of stock worth Two Billion Five Hundred Million which shall be deemed paid for by the Government with the net asset values of the Bank remaining after the transfer of assets and liabilities as provided in Section 30 hereof.

SEC. 8. **Board of Directors – Composition – Tenure – Per Diems. –** The affairs and business of the Bank shall be directed and its properties managed and preserved and its corporate powers exercised, unless otherwise provided in this Charter, by a Board of Directors consisting of nine members, to be appointed by the President of the Philippines. The term of office of the Chairman, Vice-Chairman, and the members of the Board of Directors shall be for a period of one year or until such time as their successors are appointed.

The Chairman and the Vice Chairman of the Board shall be appointed by the President of the Philippines. The Vice Chairman of the Board shall assist the Chairman and act in his stead in case of absence or incapacity. In case of incapacity or absence of both the chairman and vice-chairman, the Board of Directors shall designate a temporary chairman from among its members.

No person shall be elected director of the Bank unless he is a natural-born citizen of the Philippines, not less than thirty-five years of age, of good moral character and has attained proficiency, expertise and recognized competence in one or more of the following: banking, finance, economics, law, agriculture, business management, public utility or government administration.

At least four of the members of the Board shall come from the private sector.

Except for the Chairman and the Vice Chairman of the Board, no officer or employee of the Bank may be appointed as a member of the Board of Directors of the Bank; nor shall any director, officer, or employee of any other bank be eligible as a member of the Board of Directors of the Bank.

Unless otherwise set by the Board and approved by the President of the Philippines, members of the Board shall be paid a per diem of one thousand pesos for each meeting of the Board of Directors actually attended: **Provided,** that the total amount of per diems for every single month shall not exceed the sum of Five Thousand Pesos.

SEC. 9. **Powers and Duties of the Board of Directors. –** The Board of Directors shall have, among others, the following duties, powers and authority:

(a) To formulate policies necessary to carry out effectively the provisions of this Charter and to prescribe, amend, and repeal by-laws, rules and regulations for the effective operation of the Bank, and the manner in which the general business of the Bank may be conducted and the powers granted by law to the Bank exercised;

(b) To approve loans, to fix rates of interest on loans and to prescribe such terms and conditions for loans and credits as may be deemed necessary, consistent with the provisions of this Charter;

Provided, that the Board may delegate the authority to approve loans to such officer or officers as may be deemed necessary;

(c) To adopt an annual budget for the effective operation and administration of the Bank;

(d) To create and establish a "Provident Fund" which shall consist of contributions, made both by the Bank and its officers or employees, to a common fund for the payment of benefits to such officers or employees, or their heirs, under such terms and conditions as the Board of Directors may fix;

(e) To compromise or release, in whole or in part, any claim of or settled liability to the Bank regardless of the amount involved, under such terms and conditions it may impose to protect the interests of the Bank. This authority to compromise shall extend to claims against the Bank; and

(f) To appoint, promote or remove officers from the rank of Vice President or its equivalent, and other more senior officer positions, excluding the Chairman and the Vice Chairman.

SEC. 10. Chairman and Chief Executive Officer. – The Chairman shall be the Chief Executive Officer of the Bank and, as such, shall, on behalf of the Board, have the direction and control of the business affairs and properties of the Bank in all matters which are not by this Charter or by the By-Laws of the Bank specifically reserved to be done by the Board or other officers of the Bank. For this purpose, he shall, among other powers and duties, execute, carry out, and administer the policies, measures, orders, and resolutions approved by the Board; direct and supervise the operation and administration of the Bank; and exercise such other powers and perform such other functions or duties as may be directed or assigned to him by law or by the Board from time to time.

Particularly, he shall have the power and duty:

(a) To sign and execute all contracts concluded by the Bank and enter into all necessary obligations required or permitted by this Charter, upon proper authorization by the Board; and sign all notes, securities, certificates, and other major documents of the Bank;

(b) To exercise, as Chief Executive Officer of the Bank, the powers of control and supervision over decisions and actions of subordinate officers and all other powers that may be granted by the Board;

(c) To report to the Board the main facts concerning the operations of the Bank and to recommend changes in policies which he may deem advisable;

(d) To submit an annual report to the President of the Philippines on the result of the operations of the Bank;

(e) To recommend to the Board the appointment, promotion, or removal of all officers of the Bank, with the rank of at least vice president or its equivalent;

(f) To appoint, promote or remove employees and officers below the rank of vice president or its equivalent; **Provided,** that promotions, transfers, assignments or reassignments of officers and personnel of the Bank are personnel actions deemed made in the interest of the service and not disciplinary, any provision of the Civil Service law to the contrary notwithstanding; and

(g) As required by circumstances, to delegate any of his powers, duties or functions to any officer or director of the Bank, with the approval of the Board.

SEC. 11. **Vice Chairman and Chief Operating Officer.** – The Vice Chairman shall be the Chief Operating Officer of the Bank and shall assume and exercise such specific duties and responsibilities as may be delegated to him by the Chairman.

SEC. 12. **Legal Matters and Cases. –** The Bank shall have its own Legal Department, the head of which shall be appointed by the Board of Directors of the Bank upon recommendation of the Chairman.

In appropriate cases, the Bank may avail also of the legal services of any government legal office authorized to render such services to government-owned or controlled corporations.

The Bank may, upon the recommendation of its Chief Legal Counsel, deputize any member of its legal staff to act as special sheriff in foreclosure cases, in the sale or attachment of the debtor's properties, and in the enforcement of court writs and processes in cases involving the Bank. The special sheriff of the Bank shall make a report to the proper court after any action taken by him, which shall treat such action as if it were an act of its own sheriffs in all respects.

SEC. 13. **Other Officers and Employees –** The Board of Directors shall provide for an organization and staff of officers and employees of the Bank and upon recommendation of the Chairman of the Board, fix their remunerations and other emoluments.

No officer or employee of the Bank subject to Civil Service Law shall be dismissed except as provided by law.

SEC. 14. **Exemption from Attachment. –** The provisions of any law to the contrary notwithstanding, securities on loans and/or other accommodations granted by the Bank or its predecessors-in-interest shall not be subject to attachment, execution or any other court process, nor shall they be included in the property of insolvent persons or institutions, unless all debts and obligations of the debtor to the Bank and its predecessors-in-interest have been previously paid, including accrued interest, penalties, collection expenses, and other charges, subject to the provisions of paragraph (e) of Section 9 of this Charter.

SEC. 15. **Officer to Conduct Sale. –** In case of sale of mortgaged properties under the provisions of existing laws or of this Charter, such sale shall be conducted under the direction of the sheriff of the Province or any special sheriff of the Bank, or of a municipal judge or notary public of the City or Municipality where the sale is to be made, who shall be entitled to collect the fees provided for in the Rules of Court with respect to sale of properties under execution.

SEC. 16. **Right of Redemption. –** Any mortgagor of the Bank whose real property has been extrajudicially sold at public auction shall, within one (1) year counted from the date of registration of the certificate of sale, have the right to redeem the real property by paying to the Bank all of the latter's claims against him, as determined by the Bank.

The Bank may take possession of the foreclosed property during the redemption period. When the Bank takes possession during such period, it shall be entitled to the fruits of the property with no obligation to account for them, the same being considered compensation for the interest that would otherwise accrue on the account. Neither shall the Bank be obliged to post a bond for the purpose of such possession.

SEC. 17. **Inhibition from Board Meeting of Member with Personal Interest. –** Whenever any member attending a meeting of the Board of Directors has a direct personal interest in the discussion or resolution of any given matter, or any of his relatives within the second civil degree of consanguinity or second civil degree of affinity has such an interest, said member shall not participate in the discussion or resolution of the matter and must retire from the meeting during the deliberation thereon. The minutes of the meeting, which shall note the subject matter, when resolved, the fact that a member had a personal interest in it, and the withdrawal of the member concerned, may be made available to the public.

For this purpose, the members of the Board shall, at the beginning of their respective terms, disclose to the Board any and all interests they may have in any corporation, partnership, or association and shall, thereafter, disclose to the Board, any changes thereto.

SEC. 18. **Prohibition on Persons with Personal Interest. –** No member of the Board, officer, attorney, agent, or employee of the Bank shall in any manner, directly or indirectly participate in the deliberation upon or the determination of any question affecting his direct personal interest or the personal interests of his relatives within the second civil degree of consanguinity or second civil degree of affinity, or of any corporation, partnership, or association in which he has a direct interest. Any person violating the provision of this section shall be summarily removed from office and shall upon conviction be punished with a fine not less than one thousand pesos nor more than ten thousand pesos or with imprisonment of not less than one year nor more than five years, or by both fine and imprisonment at the discretion of the court.

SEC. 19.

is a director or officer shall, either directly or indirectly, for himself or as representative or agent of others, borrow any of the deposits of funds from the bank, nor shall he become a guarantor, indorser, or surety for loans from the bank to others, or in any manner be an obligor for money borrowed from the bank or loaned by it: **Provided,** That this prohibition on loans to directors, officers and employees shall not include loans allowed in the form of fringe benefits granted in accordance with rules and regulations as may be prescribed by the Monetary Board of the Central Bank.

SEC. 20. **Rules and Regulations on Conflict of Interest. –** The foregoing provisions notwithstanding and in addition thereto, the Board of Directors is hereby authorized to issue rules and regulations for the purpose of determining and resolving conflict of interest questions, which rules shall, in particular, include the requirement on all officers and employees of the Bank to disclose any shareholdings they, or their relatives within the second civil degree of consanguinity or second civil degree of affinity, may have in any corporation, partnership, or company, in excess of 2% of the equity of said corporation, partnership, or company.

SEC. 21. **Examination of the Bank. –** The Bank shall be subject to supervision and examination by the appropriate department of the Central Bank of the Philippines.

SEC. 22. **Prohibition on Officers and Employees of the Bank. –** Except as required by law, or upon order of a court of competent jurisdiction, or the express order of the President of the Philippines or written permission of the client, no officer or employee of the Bank shall reveal to, nor allow to be examined, inquired, or looked into, by any third person, government official, bureau or office any information relative to details of individual accounts or specific banking transactions: **Provided,** that in respect to deposits of whatever nature, the provisions of existing law shall apply.

This prohibition shall not apply to the exchange of confidential credit information among government financial institutions or among banks, in accordance with established banking practices or as may be allowed by law.

SEC. 23. **Exaction of Fee, Commission, Gift or Charge. –** No unauthorized fee, commission, gift, or charge of any kind shall be exacted, demanded, or paid, for obtaining loans from the Bank, and any officer, employee, or agent of the Bank found guilty of exacting, demanding, or receiving any fee for services in obtaining a loan, shall be punished by a fine of not less than one thousand nor more than twenty thousand pesos, imprisonment for not less than one year nor more than ten years, and perpetual disqualification from public office.

SEC. 24. **Penal Provisions of General Banking Act. –** The penal provisions of Section 87-A of the General Banking Act shall be applicable to officers, employees and borrowers of the Bank.

SEC. 25. **General Penal Provision. –** Any officer or employee of the Bank who violates, or permits any of the officers, employees or agents of said Bank or any other person to violate, any of the provisions of this Charter not specifically punished in the preceding sections, and any person violating any provision of this Charter or aiding and abetting the violation thereof, shall be punished with a fine not less than one thousand nor more than ten thousand pesos and with imprisonment not less than one year nor more than five years.

SEC. 26. **Other Liability of Guilty Officer or Employee. –** Any member of the Board of Directors or officer or employee of the Bank who wilfully violates any of the provisions of this Charter shall, in addition to the criminal and administrative liability resulting from such act, be held liable for any loss or injury suffered by the Bank as a result of such violation.

SEC. 27. **Liability of Directors, Officers or Partners of Offending Corporation or Partnership. –** If the violation of the provisions of this Charter is committed by a corporation or partnership, the directors, officers or partners thereof who participated in the violation shall be criminally liable for such violation.

SEC. 28. **Applicability of Banking Laws. –** The provisions of Republic Act No. 265, as amended, and Republic Act No. 337, as amended, insofar as applicable and not in conflict with any provision of this Charter, shall apply to the Bank.

TRANSITORY PROVISIONS

SEC. 29. **Preparatory Work. –** Upon the effectivity of this Charter, the Board of Directors and management of the Bank shall undertake the appropriate steps to establish its current financial condition for the purpose of determining its net asset values and the book value of shares thereof. The shares of stock held by the Government of the Philippines in the Bank are deemed cancelled and exchanged for common voting shares of the Bank.

SEC. 30. **Transfer of Assets and Liabilities of the Development Bank of the Philippines. –** The Bank shall transfer to the National Government such of its assets and liabilities as may be necessary to rehabilitate the bank and to start its operations under the Revised Charter on a viable basis, as determined by the appropriate authorities, such assets to include but need not be limited to its acquired assets and non-performing accounts and such liabilities to include real as well as contingent liabilities. The National Government is hereby authorized to accept the same under terms and conditions as may be mutually acceptable to the Bank and the National Government.

SEC. 31. **Maintenance, Care and Preservation of Assets Transferred to the National Government. –** The Bank is hereby authorized to enter into an agreement with the National Government as transferee of assets from the Bank as hereinabove provided, either as an interim arrangement or otherwise and under such terms and conditions as may be necessary to preserve and/or to maintain and/or to dispose of such assets transferred to the National Government.

SEC. 32. **Authority to Reorganize. –** In view of the new scope of operations of the Bank, a reorganization of the Bank and a reduction in force are hereby authorized to achieve simplicity and economy in operations, including adopting a new staffing pattern to suit the reduced operations envisioned. The formulation of the program of reorganization shall be completed within six months after the approval of this Charter, and the full implementation of the reorganization program within thirty months thereafter.

SEC. 33. **Implementing Details; Organization and Staffing of the Bank. –** Upon the effectivity of this Charter, the Board of Directors of the Bank shall be constituted and its Chairman appointed. The Chairman is hereby authorized, subject to the approval of the Board of Directors as appropriate,

to issue such orders, rules and regulations as may be necessary to implement the provisions of this Charter including those relative to the financial aspects, if any, and to the reorganization of the Bank as hereinabove authorized which will involve the determination and adoption of (1) the new internal structure of the Bank as reorganized down to the divisional section or lowest organizational levels, including such appropriate units as may be needed to handle caretaking activities such as the disposition of certain assets and the collection of certain accounts; (2) a new staffing pattern including appropriate salary rates; and (3) the initial operating budget.

In the implementation of the reorganization of the Bank, as authorized under the preceding section, qualified personnel of the Bank may be appointed to appropriate positions in the new staffing pattern thereof and those not so appointed are deemed separated from the service. No preferential or priority rights shall be given to or enjoyed by any officer or personnel of the Bank for appointment to any position in the new staffing pattern nor shall any officer or personnel be considered as having prior or vested rights with respect to retention in the Bank or in any position as may have been created in its new staffing pattern, even if he should be the incumbent of a similar position therein.

Pending the completion of the personnel actions above provided and the issuance of the appropriate implementing orders, all present remaining incumbents of positions in the Bank shall continue to exercise their usual functions, duties and responsibilities.

SEC. 34. **Separation Benefits. –** All those who shall retire from the service or are separated therefrom on account of the reorganization of the Bank under the provisions of this Charter shall be entitled to all gratuities and benefits provided for under existing laws and/or supplementary retirement plans adopted by and effective in the Bank: **Provided,** that any separation benefits and incentives which may be granted by the Bank subsequent to June 1, 1986, which may be in addition to those provided under existing laws and previous retirement programs of the Bank prior to the said date, for those personnel referred to in this section shall be funded by the National Government; **Provided, further,** that, any supplementary retirement plan adopted by the Bank after the effectivity of this Charter shall require the prior approval of the Minister of Finance.

SEC. 35. **Banking Operations under 1986 Revised Charter, Governing Laws. –** The banking operations of the Bank shall be governed by the provisions of the 1986 Revised Charter beginning on January 2, 1987 or on such subsequent date as may be determined by the President of the Philippines upon the recommendation of the Minister of Finance.

SEC. 36. **Separability Clause. –** In the event that any provision of this Charter or the applicability of such provision to any person or circumstance is declared invalid, the remainder of the Charter or the application of said provision to other persons or circumstances shall not be affected by such declaration.

SEC. 37. **Repealing Clause. –** All acts, executive orders, administrative orders, proclamations, rules and regulations or parts thereof inconsistent with any of the provisions of this Charter are hereby repealed or modified accordingly.

SEC. 38. **Effectivity.** This Charter shall take effect upon its approval.

Done in the City of Manila, this 3rd day of December, in the year of our Lord, Nineteen Hundred and Eighty-Six.

(Sgd.) **CORAZON C. AQUINO**
President of the Philippines

By the President:
(Sgd.) **JOKER P. ARROYO**
Executive Secretary

Source: **Presidential Management Staff**

Office of the President of the Philippines. (1986). *[Executive Order Nos.: 1 - 170].* Manila: Presidential Management Staff.

MALACAÑANG
MANILA

EXECUTIVE ORDER NO. 82
CREATING THE PRESIDENTIAL COMMITTEE FOR THE URBAN POOR.

WHEREAS, to focus the government efforts to alleviate the plight of the urban poor, there is a need to establish a government agency which shall serve as a direct link of the urban poor to the government in policy formulation and program implementation addressed to their needs;

NOW, THEREFORE, I, CORAZON C. AQUINO, President of the Philippines, do hereby order:

SECTION 1. There is hereby created the Presidential Committee for the Urban Poor under the Office of the President. It shall be headed by a Chairman and four (4) members, to be appointed by the President of the Philippines. The Chairman and the members shall serve at the pleasure of the President.

SECTION 2. The Presidential Committee for the Urban Poor shall have the following functions and responsibilities:

(a) To coordinate the speedy implementation of government policies and programs for the urban poor;
(b) To set up a consultative mechanism which shall provide a forum for continuing dialogue between the government and the urban poor on the proper planning and evaluation of programs and projects affecting them;
(c) To accredit legitimate urban poor organizations for purposes of representation in the formulation of recommendations to the President;
(d) To review existing legislation, policies and programs of the government relating to the Urban Poor, in consultation with the latter, and recommend appropriate actions thereon to the President;
(e) To evaluate post and on-going shelter-related projects of the government in squatter and resettlement areas in consultation with beneficiary communities, and recommend appropriate action thereon to the President;
(f) To help coordinate the various activities and services being rendered by different government organizations and non-government organizations for the Urban Poor;
(g) To plan and monitor programs and projects for the development of urban poor communities in coordination with agencies involved;
(h) To request the assistance of any ministry, bureau, office or agency in the performance of its functions;
(i) To facilitate the funding of urban poor programs and projects both from foreign and domestic fund sources; and
(j) To perform such other functions as may be authorized by the President of the Philippines.

SECTION 3. The Chairman shall be the chief executive officer of the Presidential Committee for the Urban Poor. The Chairman shall exercise the following functions and duties:

(a) To direct and supervise the operations and the internal affairs of the Committee;
(b) To establish the organizational structure and the staffing pattern of the Committee;
To appoint the necessary administrative and subordinate personnel;
To suspend, dismiss or otherwise discipline for cause any employee, and/or to approve or disapprove the appointment, transfer or detail of employees;
To approve and submit the annual and supplemental budgets of the Committee; and
To perform such other functions as may be authorized by the President.

SECTION 4. To carry out the provisions of this Executive Order, the initial sum of FIVE MILLION PESOS (₱5,000,000.00) or so much thereof as may be necessary is hereby authorized to be released from the National Treasury from any fund not otherwise appropriated, and thereafter, such amount necessary for the operations of the Presidential Committee for the Urban Poor shall be included in the annual General Appropriations Act.

SECTION 5. This Executive Order shall take effect immediately.

Done in the City of Manila, this 8th day of December, in the year of Our Lord, nineteen hundred and eighty-six.

(Sgd.) **CORAZON C. AQUINO**

By the President:
(Sgd.) **JOKER P. ARROYO**
Executive Secretary

Source: **Presidential Management Staff**

Office of the President of the Philippines. (1986). *[Executive Order Nos.: 1 - 170]*. Manila: Presidential Management Staff.

MALACAÑANG
MANILA

EXECUTIVE ORDER NO. 83
RESTRUCTURING THE COMPENSATION OF THE AIRWAYS ENGINEERING AND AIRWAYS OPERATIONS GROUPS OF POSITIONS IN THE BUREAU OF AIR TRANSPORTATION.

WHEREAS, the Air Traffic Controllers, Airways Technicians and Engineering and Airways Communicators provide services to the flying public in order to maintain safe, expeditious and orderly flow of air traffic.

WHEREAS, the fate of hundreds of lives and millions of dollars worth of equipment and properties lies in the hands of these highly trained technical personnel.

WHEREAS, there is a need to increase the salaries and incentives to recognize the heavy responsibility and reward the performance of these personnel.

NOW, THEREFORE, I, CORAZON C. AQUINO, President of the Republic of the Philippines, do hereby order and direct:

SECTION 1. The compensation of the Airways Engineering and Airways Operations Groups of positions in the Bureau of Air Transportation is hereby revised and restructured into basic salary, technical incentive allowance, and Cost of Living Allowance in accordance with the following rates:

	MONTHLY		
Position Title	Adjusted Salary	Technical Incentive Allowance	COLA
Airways Operation Group			
Air Traffic Controller I	₱2,199	₱1,400	₱300
Air Traffic Controller II	2,429	1,375	300
Senior Air Traffic Controller	2,964	1,250	300
Supervising Air Traffic Controller	3,441	1,150	300
Assistant Chief Air Traffic Controller	3,800	1,100	300
Chief Air Traffic Controller	3,994	1,100	300
Assistant Air Traffic Service Supervisor	4,198	1,199	300
Air Traffic Services Supervisor	4,412	1,100	300
Airways Communicator I	2,199	1,400	300
Airways Communicator II	2,429	1,375	300
Senior Aeronautical Information Officer	2,820	1,300	300
Senior Airways Communicator	2,964	1,250	300
Supervising Airways Communicator	3,441	1,150	300
Assistant Chief Aeronautical Information Officer	3,616	1,100	300
Assistant Chief Airways Communicator	3,800	1,100	300
Chief Airways Communicator	3,994	1,100	300
Assistant Airways Communications Supervisor	4,198	1,100	300
Airways Communication Supervisor	4,412	1,100	300

Airways Engineering Group			
Antenna Rigger	992	650	350
Airways Engineering Draftsman	1,477	950	350
Airways Technician I	2,093	1,325	350
Airways Technician II	2,311	1,375	300
Senior Airways Technician	2,683	1,300	300
Airways Engineer	2,820	1,300	300
Supervising Airways Technician	3,115	1,250	300
Senior Airways Engineer	3,274	1,225	300
Assistant Chief Airways Technician	3,441	1,150	300
Chief Airways Technician	3,994	1,100	300
Airways Facilities Coordinator	3,994	1,100	300
Airways Engineering Supervisor	4,198	1,100	300
Superintendent of Air Navigation Facilities	4,873	1,200	300

SECTION 2. These adjustments shall be inclusive of the salary adjustment and additional COLA authorized in Executive Order No. 31 as implemented by National Compensation Circular No. 41.

SECTION 3. Funds needed to implement this Order shall be drawn from salary lapses and other savings in the Bureau's programmed appropriations. Any remaining deficiency shall be covered by the Bureau's excess income. Further deficiency shall be charged to the balance, if any, of the Salary Adjustment Fund provided in the General Appropriations Act after payment of approved general across-the-board increases and adjustments on cost of living allowance.

SECTION 4. The Ministry of the Budget shall issue the necessary rules and regulations to implement the provisions of this Order.

This Executive Order takes effect July 1, 1986.

Done in the City of Manila, this 10th day of December, Nineteen Hundred and Eighty-Six.

(Sgd.) **CORAZON C. AQUINO**

By the President:
(Sgd.) **JOKER P. ARROYO**
Executive Secretary

Source: **Presidential Management Staff**

Office of the President of the Philippines. (1986). *[Executive Order Nos.: 1 - 170].* Manila: Presidential Management Staff.

MALACAÑANG
MANILA

EXECUTIVE ORDER NO. 84
DIRECTING THE NATIONAL HOUSING AUTHORITY TO SUSPEND THE COLLECTION OF AMORTIZATION ARREARAGES AND DELINQUENCY INTEREST CHARGES ON PAST DUE ACCOUNTS OF THE BENEFICIARIES OF SOCIAL HOUSING LOTS IN DESIGNATED PROJECTS AND TO GRANT A MORATORIUM ON THE EVICTION OF LEGAL OCCUPANTS/ AWARDEES OF SOCIAL HOUSING LOTS WHO HAVE NOT SIGNED APPROPRIATE SALES/LEASE CONTRACTS

WHEREAS, the government's priority concern is the welfare of marginal and low income families who are the intended beneficiaries of the National Shelter Program;

NOW, THEREFORE, I, CORAZON C. AQUINO, President of the Philippines, do hereby order:

SECTION 1. The National Housing Authority shall suspend the collection of amortization arrearages and delinquency interests due and demandable as of December 31, 1986 from the beneficiaries of social residential lots in projects as may be determined by its General Manager and approved by its Board of Directors, taking into consideration the welfare of the marginal and low income families who are the intended beneficiaries of the National Shelter Program: Provided, That concerned beneficiary families pay in full their respective amortization payments for January, 1987 on or before February 5, 1987 and maintain their accounts up-to-date through the regular payment of amortization (principal and interest) thereafter.

SECTION 2. To qualify for coverage under this Executive Order, beneficiary families shall acknowledge their respective amortization arrearages and delinquency interests, and shall agree that in the event that their accounts fall into arrears for at tleast three (3) consecutive months thereafter, all arrearages including those whose payment has been deferred under this Executive Order shall become immediately due and demandable. The new principal balances for the said accounts shall be the principal amounts outstanding as of December 31, 1986 and the monthly amortization shall remain the same as those in the original contract documents.

SECTION 3. The repayment periods as specified in the original contract documents for the delinquent accounts of the beneficiaries of social residential lots in designated projects as defined in Section 1 above, shall be extended by a period equivalent to the number of monthly payments that are past due as of 31 December 1986. All other provisions of the contracts between the said beneficiaries and the National Housing Authority not related to the above amendment shall remain in force.

SECTION 4. The National Housing Authority shall grant a moratorium on the eviction of legal occupants/awardees of social residential lots in the designated projects as defined in Section 1 hereof who have not signed appropriate sale/lease contracts. All such beneficiary-families shall enter into legal contracts with the National Housing Authority on or before January 5, 1987, the date of expiry of this moratorium. Any legal awardee who fails to enter into such a contract within the prescribed time period henceforth shall be considered as a squatter on the lot and shall be evicted therefrom.

SECTION 5. The National Housing Authority through the General Manager shall issue the implementing guidelines for this Executive Order.

SECTION 6. All laws, orders, issuances, rules and regulations or parts thereof inconsistent with this Executive Order are hereby repealed or modified accordingly.

SECTION 7. This Executive Order shall take effect immediate

Manila, December 10, 1986

(SGD.) **CORAZON C. AQUINO**
President of the Philippines

By the President:
(SGD.) **JOKER P. ARROYO**
Executive Secretary

Source: **Presidential Management Staff**

Office of the President of the Philippines. (1986). *[Executive Order Nos.: 1 - 170]*. Manila: Presidential Management Staff.

MALACAÑANG
MANILA

EXECUTIVE ORDER NO. 85
ABOLISHING THE OFFICE OF MEDIA AFFAIRS AND THE MINISTRY OF HUMAN SETTLEMENTS AND FOR OTHER PURPOSES

WHEREAS, the abolition of the Office of Media Affairs and the Ministry of Human Settlements which served as private and partisan machineries during the previous administration fulfills the firm commitment of the new administration to use public funds for vital services to the people;

WHEREAS, it is the avowed policy of the new administration to prevent dissipation of public resources by streamlining government operations;

WHEREAS, the Office of Media Affairs has failed in its role as the information and media policy arm of the government;

WHEREAS, the Ministry of Human Settlements by duplicating the functions of other line ministries had eroded the effective, efficient and economical delivery of public services.

NOW, THEREFORE, I, CORAZON C. AQUINO, President of the Philippines, by virtue of the powers vested in me by the sovereign will of Filipino People and the Freedom Constitution, do hereby order:

SECTION 1. The Office of Media Affairs hereinafter referred to as "OMA" and the Ministry of Human Settlements, hereinafter referred to as "MHS", are hereby abolished.

SECTION 2. The communication facilities, records, equipment, choses in action, rights and other assets of the OMA are hereby transferred to the appropriate unit and/or agency under the Office of the President.

SECTION 3. The records, equipment, facilities, choses in action, rights, and other assets of the MHS shall be allocated to such appropriate existing ministries, agencies and units and/or offices to be created as the Office of the Deputy Executive Secretary for Human Settlements shall recommend to the President. The final disposition and final organizational alignment or attachment of the jurisdical entities, agencies, corporations and councils attached to, or under the administration supervision of, the MHS including their respective existing projects, appropriations and other assets shall be subject to subsequent enactments by the President.

SECTION 4. Until further orders of the President, or the Executive Secretary by authority or order of the President, incumbent personnel of the OMA and MHS shall continue a hold-over capacity and receive the corresponding salaries and benefits for a transition period of not more than sixty (60) days from the effectivity of this Executive Order, unless in the meantime they are separated from the service pursuant to Executive Order No. 17 (1986) or Article III of the Freedom Constitution. Those separated from the service shall receive the benefits to which they may be entitled under existing laws, rules and regulations.

SECTION 5. Funds needed to carry out the provisions of this Executive Order shall be taken from any appropriate funding source.

SECTION 6. The Executive Secretary and the Deputy Executive Secretary for Human Settlements are hereby respectively authorized to oversee the orderly abolition of the OMA and the MHS to prevent, among others, impairment of valid contracts of the OMA and MHS and to issue such rules,

regulations and other issuances as may be necessary to ensure the effective implementation of the provisions of this Executive Order.

SECTION 7. Any portion or provision of this Executive Order that may be declared invalid or unconstitutional shall not have the effect of nullifying other portions or provisions hereof, as long as such remaining portions or provisions can still subsist and be given effect in their entirety.

SECTION 8. All laws, ordinances, rules, regulations, other issuances or parts thereof, which are inconsistent with this Executive Order, are hereby repealed or modified accordingly.

SECTION 9. This Executive Order shall take effect on January 1, 1987.

Done in the City of Manila this 12th day of December, in the year of Our Lord, nineteen hundred and eighty-six.

(Sgd.) **CORAZON C. AQUINO**

By the President:
(Sgd.) **JOKER P. ARROYO**
Executive Secretary

Source: **Presidential Management Staff**

Office of the President of the Philippines. (1986). *[Executive Order Nos.: 1 - 170]*. Manila: Presidential Management Staff.

MALACAÑANG
MANILA

EXECUTIVE ORDER NO. 86
RESTORING THE MINISTRY STATUS OF BUDGET MANAGEMENT

WHEREAS, the Office of Budget and Management used to be a Ministry;

WHEREAS, the functions and operations of the Office of Budget and Management are central to the basic activities of the national government as well as the local government units and government-owned or -controlled corporations;

WHEREAS, the budget is a vital instrument in the attainment of social, political, economic and other government objectives as well as the implementation of priority programs and projects;

WHEREAS, the Office of Budget and Management is involved not only in the preparation and execution of the budget, but also in fiscal planning, improvement of management and accounting systems and procedures in the national, local and corporate levels, and the development and implementation of a progressive compensation system; and

WHEREAS, to underscore and institutionalize the crucial role of the Office of Budget and Management, it should be restored to a Ministry.

NOW, THEREFORE, I, CORAZON C. AQUINO, President of the Republic of the Philippines, do hereby direct:

SECTION 1. The Office of Budget and Management is hereby restored to its former status as a Ministry and shall henceforth be known as the Ministry of Budget and Management.

SECTION 2. The Minister of Budget and Management is hereby authorized to provide the internal structure and staffing pattern of the Ministry of Budget and Management.

SECTION 3. The Office of Compensation and Position Classification is hereby retained in the Ministry of Budget and Management.

SECTION 4. Should any provision of this Executive Order or any part thereof be declared unconstitutional, the remaining provisions or parts thereof shall continue to be valid and binding.

SECTION 5. All laws, decrees, executive orders, rules and regulations which are inconsistent with this Executive Order are hereby repealed, altered or modified accordingly.

SECTION 6. This Executive Order shall take effect immediately.

Done in the City of Manila, this 15th day of December, in the year of Our Lord, Nineteen Hundred and Eighty-Six.

(Sgd.) **CORAZON C. AQUINO**
President of the Philippines

By the President
(Sgd.) **JOKER P. ARROYO**
Executive Secretary

Source: **Presidential Management Staff**

Office of the President of the Philippines. (1986). *[Executive Order Nos.: 1 - 170].* Manila: Presidential Management Staff.

[EXECUTIVE ORDER NO. 87]
THE 1987 BUDGET
OF THE
REPUBLIC OFTHE PHILIPPINES

THE 1987 BUDGET OF THE REPUBLIC OF THE PHILIPPINES

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ACRONYMS

AA	Advice of Allotment
ADAB	Australian Development Assistance Bureau
ADB	Asian Development Bank
AFP	Armed Forces of the Philippines
ANF	Air Navigational Facilities

AO	Administrative Order
ASEAN	Association of Southeast Asian Nations
BAI	Bureau of Animal Industry
BAT	Bureau of Air Transportation
BCGS	Bureau of Coast and Geodetic Survey
BEU	Bureau of Energy Utilization
BF	Belgian Francs
BFAR	Bureau of Fisheries and Aquatic Resources
BFD	Bureau of Forest Development
BIR	Bureau of Internal Revenue
BOI	Board of Investments
BP	Batasang Pambansa
BSMI	Bureau of Small and Medium Industries
CA	Commonwealth Act
CB	Central Bank of the Philippines
CBCI	Central Bank Certificate of Indebtedness
CCP	Cultural Center of the Philippines
CDC	Cash Disbursement Ceiling
CFBP	Consolidated Foreign Borrowings Program
CFSA	Counterpart Funds Special Account
CIDA	Canadian International Development Agency
CIF	Cost, Insurance, and Freight
CO	Capital Outlays
COA	Commission on Audit
COE	Current Operating Expenditures
COLA	Cost of Living Allowance
COMELEC	Commission on Election
CQB	Cost of Qualified Borrowings
DA	Debt Amortization
DANIDA	Danish Commodity Assistance
DBP	Development Bank of the Philippines
DF	Dutch Florins
DKr	Danish Kroner
DM	Deutsche Mark
ECGD	Export Credit Guarantee Department
EDSA	Epifanio de los Santos Avenue
EEC	European Economic Community
EO	Executive Order
EPZA	Export Processing Zone Authority
ESF	Economic Support Fund
EXIMBANK	Export Import Bank
FALRMP	Financial Assistance for the Local Resource Management Program
FAO	Food and Agriculture Organization
FAPs	Foreign-Assisted Projects
FF	Fiduciary Funds

FMC	Francisco Motors Corporation
FNRI	Food and Nutrition Research Institute
FPA	Fertilizer and Pesticide Authority
FRG	Federal Republic of Germany
FRG-GTZ	Federal Republic of Germany – Gesellschaft Fur Technische Zusammenarbeit
GAA	General Appropriations Act
GAB	General Appropriations Bill
GCMC	Government Corporate Monitoring Committee
GE	General Electric
GNP	Gross National Product
GSIS	Government Service Insurance System
HCV	Home Consumption Value
IBRD	International Bank for Reconstruction and Development
IDA	International Development Association
IFAD	International Fund for Agricultural Development
IMF	International Monetary Fund
INP	Integrated National Police
JICA	Japan International Cooperating Agency
JSIMM	Japan Society of Machinery Manufacturers
KD	Kuwaiti Dinar
KFW	Kreditanstalt Fur Wilderfefton
LBP	Land Bank of the Philippines
LGU	Local Government Unit
LIBOR	London Interbank Offered Rate
LLDA	Laguna Lake Development Authority
LOI	Letter of Instruction
LRTA	Light Rail Transit Authority
LTPR	Long Term Prime Rate
MAR	Ministry of Agrarian Reform
MBM	Ministry of Budget and Management
MECS	Ministry of Education, Culture, and Sports
MIA	Manila International Airport
MLG	Ministry of Local Government
MMC	Metro Manila Commission
MMINUTE	Metro Manila Infrastructure Utilities and Engineering
MMUTSTRAP	Metro Manila Urban Transportation Strategy Planning Project
MND	Ministry of National Defense
MNR	Ministry of Natural Resources
MOF	Ministry of Finance
MOH	Ministry of Health
MPWH	Ministry of Public Works and Highways
MSSD	Ministry of Social Services and Development
MSU	Mindanao State University
MTC	Ministry of Transportation and Communications
MTI	Ministry of Trade and Industry

MWD	Metropolitan Water District
MWSS	Metropolitan Waterworks and Sewerage System
NA	Not Available
NACAH	National Action Committee on Anti-Hijacking
NACIDA	National Cottage Industries Development Authority
NALGU	National Assistance to Local Government Units
NAPOLCOM	National Police Commission
NAWASA	National Waterworks and Sewerage Authority (now MWSS)
NCA	National Cartography Authority
NCR	National Capital Region
NCSO	National Census and Statistics Office
NDC	National Development Company
NEA	National Electrification Administration
NEDA	National Economic and Development Authority
NFAC	National Food and Agriculture Council
NHA	National Housing Authority
NIA	National Irrigation Administration
NISIP	National Irrigation System Improvement Project
NLG	Netherlands Guilder
NMP	National Maritime Polytechnic
NMPC	National Media Production Center
NMYC	National Manpower and Youth Council
NPC	National Power Corporation
NPCC	National Pollution Control Commission
NSTA	National Science and Technology Authority
NTRC	National Tax Research Center
OCD	Office of Civil Defense
OECF	Overseas Economic Cooperation Fund
OP	Office of the President
OPEC	Organization of Petroleum Exporting Countries
PA	Philippine Army
PADAP	Philippine Australian Development Association Programme
PADC	Philippine Aerospace Development Corporation
PAF	Philippine Air Force
PAG-ASA	Philippine Atmospheric, Geophysical, and Astronomical Services Administration
Pag-IBIG	Pagtutulungan sa Kinabukasan: Ikaw, Bangko, Industriya, at Gobyerno
PCARRD	Philippine Council for Agriculture and Resources Research and Development
PCSO	Philippine Charity Sweepstakes Office
PD	Presidential Decree
PEA	Public Estate Authority
PGH	Philippine General Hospital
PH or PHI	Creditor's Code for Philippines
PHILEX	Philippine Exchange Company, Incorporated

PHIVIDEC	Philippine Veterans Investment Development Corporation
PJFH	Philippine-Japan Friendship Highway
PJHL	Philippine-Japan Highway Loan
PL	Public Law
PNB	Philippine National Bank
PNOC	Philippine National Oil Company
PNPP	Philippine Nuclear Power Plant
PPA	Philippine Ports Authority
PREMIUMED	Program for Essential Municipal Infrastructures, Utilities, Maintenance, and Engineering Development
PVAO	Philippine Veterans Affairs Office
PWED	Public Works and Economic Development
RA	Republic Act
RCDP	Regional Cities Development Project
RDIP	Regional Development and Investment Program
RP	Republic of the Philippines
SA	Special Accounts in the General Fund
SEC	Securities and Exchange Commission
SFr or SWF	Swiss Francs
SGS	Societe Generale de Surveillance
SIBOR	Singapore Interbank Offered Rate
SRA	Sugar Regulatory Administration
SSS	Social Security System
SUC	State Universities and Colleges
UK	United Kingdom
UNDP	United Nations Development Program
UNESCO	United Nations Educational, Scientific, and Cultural Organization
UNICEF	United Nations International Children's Emergency Fund
UP	University of the Philippines
US	United States
USAID	United States Agency for International Development

PART I

BUDGET MESSAGE OF THE PRESIDENT FOR 1987 A BUDGET FOR NATIONAL RECONSTRUCTION AND RECONCILIATION

By CORAZON C. AQUINO
President of the Philippines

INTRODUCTION

I assumed the Presidency on the pledge to undo the evils of the past and set the stage in the present for the just, peaceful, and progressive future that we owe to ourselves and our children. In shaping the 1987 budget, I had this pledge in mind.

A government budget is the blueprint of its operations in the coming year, operations intended to achieve the priorities of the government. My priorities are the alleviation of poverty, the generation of more and productive employment, the promotion of social justice, and the attainment of sustainable economic growth. These priorities support each other and are all reflected in the 1987 budget.

FRAMEWORK FOR RECOVERY

My primary concerns are obvious: the mass poverty and unemployment that afflict approximately 70 percent of all Filipinos and are the roots of the insurgency problem. Our economic recovery program is therefore directed at the quickest alleviation of this problem, and is part of a longer-term program of sustainable economic growth.

Two-thirds of our population live in the rural areas; consequently, that is where we must concentrate our efforts. Our recovery program must therefore turn on the revival and development of our agriculture. Should we succeed in restoring vigor to our agriculture, our industrial development will be greatly enhanced. For the rural areas, as the experience of successful foreign economies has shown, are the natural and most dependable markets for the products of our industry and commerce.

As I have said, the problems demand fast solutions. Basic needs cannot be delayed. In 1987, therefore, we shall expand the Community Employment and Development Program (CEDP) in an effort to generate close to a million jobs especially in the rural areas. From ₱3.9 billion this year, we increased CEDP funding support to ₱8.6 billion in 1987. The program will be implemented by the different line ministries such as Public Works and Highways, Agriculture and Food, Health, and Social Services. This short-term program will cover labor-intensive public works centering on much-needed maintenance and rehabilitation work and new agri-based and social infrastructure projects like farm-to-market roads, school-buildings, rural health centers, and water systems. Also included are critical projects like agricultural extension, soil conservation activities, reforestation and afforestation, resettlement and rehabilitation services, and self-employment loan assistance programs.

The private sector, I declared at the kickoff of my Presidential campaign, would be the engine of our economic recovery effort. Government will limit itself to creating the environment where the virtues of free enterprise would find their most productive uses. That environment would include, not only political freedom as well as an atmosphere of no fears nor favors from government, but also the provision of clear and stable rules that promote fair competition; penalize inefficiency; and reward productivity, initiative, and hard work.

I am contracting the role of government in the economy. Government-owned or -controlled enterprises directly competing with the private sector, such as those in banking, transport, petroleum, and construction, will be privatized and the tremendous resources now allocated to maintain these establishments will be allocated instead to agriculture, education, the development of our youth, and land reform.

We are cutting deep into the bureaucracy to give you, as I pledged, a lean and efficient government.

We have completely dismantled the dictatorship's expensive and far-reaching propaganda machine, which employed nearly 4,000 people and enjoyed a budget of a quarter of a billion pesos. The resources that were devoted to the perversion of truth and the propagation of lies will go instead to the education of our youth and the liberation of our farmers from the bondage of poverty and ignorance, so that the tremendous potential of the Filipino farmer for contributing to national growth will be fully realized. It is preferable for the tangible achievements of this government and the integrity and dedication of its officials to speak for themselves. The abolition and dismantling of the Office of Media Affairs will be followed shortly by that of the Ministry of Human Settlements. The remaining ministries will be trimmed of their fat, except for those involved in social services which must be expanded. For

1987, only 15,000 new positions or 1.6 percent of the national government employment force, will be created and of these, 8,000 will go to teaching positions in the Ministry of Education, Culture, and Sports and 3,300 for additional personnel in the Ministry of Social Services and Development.

My government inherited an unfair and inefficient tax system. Despite successive laws increasing taxes, actual revenues decreased, while the main burden of taxation fell on those least able to support it –– the low and middle-income classes rather than the rich. And of the rich, those hardest hit were the most productive; for the tax system was a major disincentive to private enterprise. While other countries generate revenues equivalent to 28 percent of their GNP, our highest revenue collection amounts to only 15 percent of our GNP. Low revenues partly explain our inability to provide much-needed infrastructure and social services.

My government has laid the foundation for an equitable, responsive, and fair tax system through the 1986 Tax Reform Program. Personal income tax exemptions have been raised to ₱26,500 –– the poverty threshold. And the burden has been somewhat lightened by the separate computation of income taxes for husband and wife; the reduction of registration fees for old, light, and utility vehicles; and the exemption from the travel tax of overseas contractual workers. Income and sales taxation have been simplified to improve tax administration and collection. The full benefits of these reforms will be felt in 1987 but the overhaul of the tax system will continue beyond that.

Revenue collection next year is expected to be ₱94.9 billion, which is 19.1 percent higher than this year's.

We expect a reduction in the budget deficit from ₱27.9 billion this year to ₱19.8 billion in 1987. The figure, to my mind, remains high but the poverty we inherited and the extreme devastation from which we must recover, prevent us from cutting, in such areas as social services and infrastructure, as deep as we would like. Nonetheless, the deficit that we will incur will not lead to inflation nor will it crowd out the private sector in the domestic credit market. Yet, I remain committed to cut the budget deficit progressively. By 1992, it will be less than one percent of GNP. We owe it to the future to give it a clean start. And I think we can give it.

I am proposing a marked slowdown in the growth rate of government spending. Over the last ten years, government expenditures have grown by an average 18 percent from ₱20.4 billion to ₱107.5 billion and correspondingly from 15.2 percent of GNP to 17.4 percent. I am proposing for the coming year a ₱114.7 billion disbursement program which represents a 6.6 percent growth over the 1986 level.

To cut any deeper is to nick the bone.

Government net domestic borrowings will be limited to ₱10.8 billion. This is lower than the ₱21.6 billion this year.

The strategy for meeting our foreign debt obligations is the eminently reasonable one of getting the economy to grow so it can pay the debt. We are negotiating for a multi-year foreign debt restructuring with more liberal terms so that adequate foreign exchange resources can be allocated to productive activities and our trade requirements. We are developing and implementing financing schemes to put this massive debt that never benefited our people finally to work. An example is the debt-equity scheme. More importantly, we are putting in place a more efficient debt management system that will closely monitor our foreign exchange liabilities and debt servicing capacity. It also ensures a more stringent review of projects, particularly those requiring foreign financial assistance.

BUDGET PRIORITIES FOR 1987

I had pledged a government by consultation, a national direction and pace of development set by the people themselves. The priorities of the 1987 Budget were identified in consultation with both private and public sector representatives from the regions and their localities. In particular, it embodies to a great extent

the projects proposed in the Philippine Development Plan and the Regional Development Investment Program of the Regional Development Councils that will figure prominently in the national life.

Revitalization of the Agricultural and Rural Sector

A larger share of the total budget for agricultural services and rural infrastructure has been proposed, not only as necessary measures for the revival of our agriculture but to create jobs in the countryside as well. The services planned include greater extension services, a crop diversification program, a nationwide marketing information service, and an accelerated land reform program to further stimulate the agricultural sector. The rural infrastructure program will focus on projects with the quickest pay-off, like communal irrigation, water supply, barangay roads, flood control, and drainage projects. Labor-intensive construction methods will be used to the fullest extent.

The Ministry of Agriculture and Food will hire 1,052 new extension workers to assist 157,000 more farmers; purchase more farm animals, seeds, and fingerlings; and, construct or rehabilitate a total of 71 thousand hectares of communal irrigation. The Ministry of Agrarian Reform will double the number of emancipation patents issued through its Operation Land Transfer.

Provision of Basic Social Services

We aim to do all we can to help the poor meet their basic needs in a manner that will encourage their self-reliance and productivity, thereby making them proud contributors to the nation's progress. Our budget is tight; but certain basic needs, as I have repeatedly emphasized, cannot be delayed even with pressing foreign obligations to be met. We shall try to make up for the past neglect in providing social services to the people, particularly in such areas as elementary and secondary education and health.

We have established a new fund, the Local Communities Assistance Program, to help particularly depressed local government units in funding their poverty alleviation programs. This will incorporate the provision of credit and technical assistance to rebel returnees for them to lead normal productive lives. Appropriation for the Study-Now-Pay-Later Plan has been substantially increased to accommodate 4,000 scholars instead of only 600. An ₱18.15 million assistance to public science high schools has been set up. The Ministry of Social Services and Development will establish "Lingap-Centers" to house abandoned, neglected and orphaned street children; a pilot community-based Rehabilitation Program for dissidents; and a functional literacy program for women from poor families.

Government Decentralization and Regional Development

In order to achieve a greater sensitivity and swifter response to the needs of the people, government operations must be decentralized.

My government has started to delegate to local units the responsibility of implementing infrastructure programs in their communities, such as the repair and maintenance of barangay roads and schoolbuildings. The Ministry of Budget and Management is testing, on a limited scale, the feasibility of directly releasing funds to local government units. There is no doubt they will prove deserving and responsible partners in the progress of our country.

As a further step towards decentralization, I am strengthening the regional network of budget offices and revitalizing the Regional Development Councils (RDCs) by delegating to them sufficient authority to coordinate both the formulation and the implementation of government plans at the regional level. The RDCs –– together with community groups, non-governmental organizations, and

the local media –– are asked to monitor the implementation of development projects. This should ensure honesty in government spending.

Changes in the National Government's Expenditure Control System

We have tried to strike a balance between the measure of control needed to assure the integrity of the budget system and the measures of freedom and discretion to ensure that government responds quickly to the requirements of the people. In that effort, the shift to a "funding warrant scheme" is critical. This scheme is currently on trial in four ministries and involves the monthly release by the Ministry of Budget and Management (MBM) of funding warrants which will trigger the setting up of bank deposit accounts for government agencies. This modifies the existing system based on Cash Disbursement Ceilings (CDCs), which authorizes agencies to issue checks against a central account. Under the funding warrant scheme, the disbursements of an agency cannot exceed its authorized ceilings since they cannot pay out more than the balance of their accounts. Disbursements, on the other hand, are facilitated with the elimination of certain documentation requirements.

We are continually improving mechanisms for monitoring projects. We have greatly limited the flexibility of agencies to reprogram maintenance accounts. A thorough review process to ascertain the validity of outstanding accounts payable has been established. Overall, the expenditure control system now prevents the redirection of unspent amounts under given budgetary items to other categories.

Priority Expenditure Categories

The government must increase the real level of government maintenance expenses closer to the 1982 level to maintain existing infrastructure facilities and equipment, and prevent their further deterioration. The past deficiencies in these areas will be compensated for in 1987 by allocating ₱22.4 billion, which is 28.5 percent higher than the level this year.

A ₱17.0 billion program for capital outlays (excluding equity and net lending) has also been approved. This will constitute 2.4 percent of GNP, higher than the 1.7 percent average during the last two years. Priority is given to small construction and improvement projects, including the rehabilitation of vital social infrastructures that benefit rural communities. These projects are also labor intensive and promise quick pay-offs. We are speeding up the completion of ongoing projects, particularly those with foreign funding to realize the benefits from their early operation.

Some ₱2.7 billion has been allocated to upgrade the salaries of government employees. If the tax revenue target is attained, teachers can expect a 20 percent increase in basic pay next year. In other areas, we shall try to achieve parity in compensation (e.g., agrarian reform extension workers with agricultural extension workers).

CONCLUSION

In brief, my government will make the best use of limited resources with the least burden on the public. To this end, we will further improve the revenue collection efficiency and exercise greater circumspection in the choice of projects, without sacrificing the general aim of improving the welfare of our people through the reconstruction of our economy and the provision of social services.

There is a strong reason for optimism in the future of our country. In the very short period since my assumption to office, we laid the foundation for a positive future: faith in democracy and confidence in government have been restored, the tax structure has been greatly improved, waste has

been curtailed, and a sound economic recovery program has been put in place. Building from this solid base, and with collective courage, wisdom, determination, industry, the cooperation of all, and a strong political will, the policies and programs contained in this budget will bring us the final attainment of our ultimate goals: peace, progress, and prosperity in our nation.

(Sgd.) **CORAZON C. AQUINO**

PART II
SALIENT FEATURES OF THE 1987 BUDGET

The recently approved medium-term development plan calls for a redirection of fiscal policy for the next six years. It mandates the eventual withdrawal of government from all business activities best left to the private sector. Government will concentrate its efforts in improving its basic public services and expanding and maintaining its infrastructure network to support private productive endeavors. It will set up a stable business environment that promotes fair competition; penalizes inefficiency; and rewards productivity, initiative, and hard work.

The fiscal sector in 1987 shall focus on the development of agriculture, the intensified creation of employment opportunities, the wider and more effective provision of social services, the rationalization of the government corporate sector, the effective decentralization of government operations, the institution of more effective expenditure controls, and the continuing improvement of the revenue collection system. The national government budget for 1987 will be a major instrument for realizing these fiscal objectives.

This part supplements the "Budget Message of the President for 1987". The first section discusses the projected fiscal position on a cash basis and explains the economic implications of the size of the budget deficit. The succeeding three parts deal with the highlights of the 1987 obligation program: its major expenditure components; its functional distribution; and its provisions for government corporations, local government units, and foreign-assisted projects. The last part presents the fiscal outlook for the next six years.

CASH BUDGET PROGRAM

The cash budget program of the national government for 1987 strikes a delicate balance between the growth-inducing effect of government expenditures and the inflationary and "crowding-out" impact of government borrowings. The budget deficit will be reduced by ₱8.1 billion from ₱27.9 billion or 4.5 percent of GNP this year to ₱19.8 billion or 2.8 percent of GNP (Table 1). Revenue collections of ₱94.9 billion, ₱15.2 billion more than this year's level, are targeted to finance a larger proportion of the total disbursement level which is programmed to reach ₱114.7 billion or 6.6 percent higher than the 1986 level. The revenue-to-disbursement ratio will increase from 74.1 percent this year to 82.8 percent next year. As in previous years, the government intends to generate a surplus of revenues over its current expenses. The ₱14.8 billion surplus in 1987 will represent 2.1 percent of GNP and will finance 42.9 percent of the national government's capital outlays, inclusive of net lending.

Revenues

The 1987 revenue program reflects the government's resolve to institute equity, raise revenue yields, and rationalize the tax structure to induce efficient capital use by the private sector. The

Table 1
SUMMARY OF THE CASH OPERATIONS OF THE NATIONAL GOVERNMENT, 1985-1987
(In million pesos)

PARTICULARS	1985	1986	1987
REVENUES			
Tax	61,190	66,741	79,339
Non-tax	7,771	12,920	15,541
Total Revenues	68,961	79,661	94,880
DISBURSEMENTS			
Current Operating Expenditures			
Personnel Services	22,896	26,846	31,707
Maintenance/Other Operating Expenses	13,526	17,447	22,414
Subsidies	679	1,235	2,000
Interest Payments	14,652	16,939	21,358
Local Government Units' Share of National Revenues	3,522	3,500	2,573
Total Current Operating Expenditures	55,275	65,967	80,052
Capital Outlays			
MPWH/MTC	5,505	7,486	7,206
Capital Transfers to Government Corporations			
Corporate Equity	3,343	1,190	3,200
Net Lending	12,535	28,777	14,400
Total Capital Transfers to Government Corporations	15,878	29,967	17,600
Rest of Capital Outlays	3,490	4,092	9,794
Total Capital Outlays	24,873	41,545	34,600
Total Disbursements	80,148	107,512	114,652
SURPLUS/DEFICIT (-)	-11,187	-27,851	-19,772
FINANCING ACCOUNT			
Net Borrowings			
Gross Borrowings	19,081	38,756	29,757
Repayment of Principal and Payments on Non-Budgetary Accounts	6,123	10,342	14,049
Total Net Borrowings	12,958	28,414	15,708
Cash Balance Drawdown			
Beginning Cash Balance	26,346	28,117	28,680
Ending Cash Balance	28,117	28,680	24,616
Total Cash Balance Drawdown	-1,771	-563	4,064
Total Net Financing	11,187	27,851	19,772

Sources: Ministry of Finance and Ministry of Budget and Management.

low revenue effort constitutes one of the obstacles to the substantial increase of public services. In the last ten years, the national government's ratio of revenues to GNP averaged to only 12.4 percent,

significantly lower than the 17 percent average among Asian developing countries and the 28 percent world average. However, significant steps have been made in the right direction this year with the implementation of a comprehensive tax reform package consisting of measures involving rate and base adjustments and administrative reforms.

To promote a more equitable distribution of the tax burden, the following have been implemented: the annual level of personal income tax exemptions has been raised to ₱26,500, the poverty threshold level; the separate computation of income taxes for husband and wife has been allowed; the registration fees for light and utility vehicles that are relatively old have been reduced; and overseas contractual workers have been exempted from the travel tax. Indirect taxation has been simplified to increase compliance and minimize market distortions through the reduction of the number of sales tax rates from five different levels to three levels, the abolition of all sales tax exemptions and tax credits, the modification of the taxation of motor vehicles, and the conversion of excise taxes on cigarettes and liquor to ad valorem taxes. The tax structure has also been partly rationalized through the adoption of uniform tax rates on corporate income, interest, and passive incomes; the exemption of inter-corporate dividends from taxation; and the setting of new ceilings on allowable personal and corporate deductions, among others. But the reform of the revenue system will continue to bring about a more equitable distribution of the tax burden, increase enforcement and reduce incentives for tax evasion, rationalize existing fiscal incentives, improve the allocative efficiency of the tax system, and raise the responsiveness of the system to changes in the national income.

One major change expected to be implemented by 1988 is the shift to value-added taxation. This tax is desirable from the efficiency viewpoint since a sector is taxed on the basis of its contribution to the economy. The built-in "check and balance" in the value-added tax system will improve the elasticity of the tax system. Purchasers of raw material inputs will automatically demand receipts from sellers to justify before the Bureau of Internal Revenue (BIR) the calculation of the value added. This will enable the BIR to cross-check the inclusion of the said transaction in the income statement of the seller. Thus, the elasticities of both value-added and income taxes will improve.

The full-year impact of the comprehensive structural and administrative tax reform package is expected to augment revenue collections by ₱17.5 billion or 18.4 percent of projected revenues in 1987. This and the expected increase in business activity and household spending will raise total forecasted revenue collections to ₱94.9 billion. Tax collections are projected to amount to ₱79.3 billion, making up 83.6 percent of total revenue collections while estimated nontax collections are placed at ₱15.6 billion or 20.3 percent more than that in 1986. The forecasted 18.9 percent growth of total tax collections for the coming year represents one of the highest growth rates in the 1980s. The country's tax effort is hence expected to improve from 10.8 percent in 1986 to 11.4 percent, and the revenue effort from 12.9 percent to 13.6 percent. Figure 1 shows the major sources of national government revenues in 1986 and 1987.

In 1987, the fastest growing taxes are those levied on domestic sales and imports. As compared to the 1986 collections, the respective increases in these taxes are 61.9 and 29.4 percent. Sales tax collection is estimated to reach ₱5.3 billion in 1987 as a result of increased business activity and tax reform measures such as the disallowance of deemed paid taxes as tax credits and the reduction of the number of tax rates to three levels.

Import duties and taxes representing 97 percent of international trade taxes will increase to ₱22.7 billion on account of the expected yields from the import liberalization program and the basing of import valuation on either the home consumption value (HCV) or the cost, insurance, and freight (CIF), whichever is higher. Likewise, the hiring of the Societe Generale de Surveillance (SGS) in the valuation of imports at their ports of origin will minimize underdeclaration of import values and will

contribute nearly ₱1.4 billion of net proceeds (i.e., gross revenue increase on account of SGS less its fees) in 1987.

The Bureau of Internal Revenue collections will account for 69.3 percent of the ₱79.3 billion forecasted tax collection. The BIR collection machinery is expected to show a commendable 16.5 percent increase in tax collection from ₱47.2 billion this year to ₱55.0 billion next year. As a result of the rate and administrative reforms and the more bullish economic environment, most tax sources are projected to grow at significant double digit rates. Collections from sales, percentage, and fixed taxes will increase by 30.6 percent to ₱10.2 billion, and excise taxes, by 12.2 percent to ₱18.2 billion. Income tax collections will amount to ₱22.8 billion, only 13.4 percent more than those of 1986 as a result of the negative impact of the reforms taken to rationalize the tax burden of the lower income groups and married couples, and institute a uniform corporate tax structure.

Accounting for 16.4 percent of revenue collections for the coming year, nontax collections are projected to reach ₱15.6 billion, representing a growth of 20.3 percent. This will include ₱1.0 billion from the takeover of ill-gotten wealth by the Presidential Commission on Good Government, ₱1.0 billion net proceeds from the sale of government corporations, and ₱0.5 billion from the sale of spare parts of the nuclear power plant. Collections from agency fees, charges, and miscellaneous income will increase by ₱436 million to ₱5.7 billion. However, almost half of the nontaxes will be accounted for by the proceeds of foreign grants. The largest of these grants will be the $250 million Economic Support Fund provided by the United States as rental for use of base facilities in the country. A significant number of new grant pledges has also been received to support economic and welfare projects, the largest of which are: 1) ₱406.1 million from the United States Sugar Quota Offset Grant to supplement general budgetary resources for agriculture, education, social services, and health and to assist private volunteer organizations (e.g., CARE Negros Program); 2) ₱111.3 million from USAID to finance the Local Resources Management Project; 3) ₱95.8 million from the UNDP for Population Project III; and 4) ₱53.8 million for the Primary Health Care Project.

[Figure 1 – SOURCES OF NATIONAL GOVERNMENT REVENUES]

Future resource mobilization efforts will concentrate on measures designed to improve tax collection efficiency rather than on changes in revenue rates, which are already generally higher than those of other oil-importing developing countries.

Disbursements

Some ₱114.7 billion will be disbursed by the national government in 1987. This is ₱7.1 billion or 6.6 percent more than this year's disbursement program and will account for 16.4 percent of GNP. Projected cash payments for the new expenditure obligations of the coming year will amount to ₱104.9 billion while the balance of ₱9.8 billion, which is 8.6 percent of the total disbursement program, will be paid for prior years' accounts.

In 1987, interest payments of the national government and advances on government corporate debts, primarily through net lending transactions, will amount to ₱35.8 billion, lower than the ₱45.7 billion for 1986. Scheduled net lending to government corporations will be cut by half from ₱28.8 billion this year to ₱14.4 billion while interest payments of the national government will amount to ₱21.4 billion, ₱4.4 billion or 26.1 percent more than this year's level. Debt amortization, or principal payments of the national government on its foreign and domestic borrowings, will amount to ₱13.9 billion in 1987. But this latter spending item is incorporated in the financing account of the cash budget program

rather than in the disbursement portion. Total debt service payments of the national government in 1987, thus, will amount to ₱35.3 billion. This amount includes ₱2.5 billion in interest payments and ₱2.7 billion in principal payments associated with the transfer of the liabilities and assets of the Philippine Nuclear Power Plant to the national government as mandated by Executive Order No. 55. This transfer largely explains the significant increase of national government debt service in 1987.

The ₱78.9 billion "demand-inducing" component of the 1987 disbursement program is equivalent to 11.3 percent of GNP. This is, so far, the highest contribution by the national government to GNP since 1982.

Of this "demand-inducing" or "productive" component, ₱31.7 billion will be allocated for personnel services, ₱27.0 billion for maintenance expenditures including subsidies and the local government units' share of national revenue, and ₱20.2 billion for capital outlays. So that of the total ₱17.1 billion programmed increment in productive expenditures, ₱4.9 billion or 28.6 percent is intended for personnel services, ₱4.8 billion or 28.1 percent for maintenance provisions, and ₱7.4 billion or 43.3 percent for capital outlays. This level of spending will, at the least, partly restore the real level of government spending to its 1982 level (Figure 2). During the three-year austerity program that the national government implemented from 1983 to 1985, these spending items were severely cut, implying substantial welfare and economic costs.

Budget Deficit

The national government will sharply reduce its budget deficit from ₱27.9 billion or 4.5 percent of GNP this year to ₱19.8 billion or 2.8 percent of GNP in the coming year.

As in 1986, however, it is projected that the relatively large budget deficit will not be inflationary. From the traditional financial point of view, the budget deficit serves as a measure of the pressure that fiscal operations exert on the monetary accounts. For the Philippine case, however, there is an important difference: about 20 percent of total disbursements is for the payment of foreign obligations (i.e., including advances on the foreign debts of corporations) which will not increase domestic aggregate demand. The said payment may even contract the domestic money base if the Central Bank permanently withdraws from the economy the pesos exchanged by the national government for foreign currency used to pay for the foreign obligations.

For 1987, foreign-based disbursements of the national government are estimated at ₱23.8 billion consisting of importations, foreign interest payments of the national government, and advances on the direct and assumed loans of government corporations. The matching of foreign and domestic-based revenues and disbursements, therefore, shows that of the proposed deficit of ₱19.8 billion, about ₱17.5 billion (2.5 percent of GNP) can be attributed to external sources. As a proportion of GNP, the domestic-based deficit of ₱2.3 billion is 0.3 percent lower than the 1986 level. The said proportion is significantly lower compared to that of other countries.

The national government's fiscal problem arises basically from the previous accumulation of automatically guaranteed government corporate debts and private sector liabilities with government corporate guarantees. The financing problem would have been easier to manage if the previous years' investments have been sound enough to pay for debt servicing obligations. But because most investments financed through government financial institutions and guaranteed by the government have turned out to be economically inefficient, the national government has been overburdened with the assumed liabilities. Thus, public sector operations this year and onward need to generate resources to pay for the external obligations as they mature.

Financing

The budget deficit will be financed by roughly ₱15.7 billion of borrowings net of debt amortization and ₱4.1 billion of cash balance drawdowns (Figure 3). Of the net borrowings, ₱10.8 billion or 68.8 percent will be from domestic sources and the balance of ₱4.9 billion, from foreign creditors.

[Figure 2 – REAL LEVELS OF CASH DISBURSEMENTS 1982-1987]

Gross external borrowings will be 9.6 percent higher than the 1986 level due to substantially higher project loan inflows. These borrowings will amount to ₱14.0 billion or US$647.9 million to repay about ₱9.0 billion (US$418.7 million) of maturing external obligations and partly to finance essential public projects and services not covered by available domestic resources.

Borrowings from foreign project loans in the coming year will be $177.9 million or 4.1 percent more than those of 1986. The most significant portions of these will originate from the World Bank ($61.6 million), the OECF ($32.5 million), and ADB ($37.5 million). The $470 million expected program loan inflows, on the other hand, will consist primarily, of the $100 million World Bank Economic Recovery Loan, the $181 million OECF Commodity loan, the $70 million Sugar Rehabilitation Loan, and the $50 million World Bank Public Corporate Sector Rationalization Loan. This level of program loans is slightly lower than this year's $437.4 million. Most foreign borrowings of the national government are obtained at concessional terms, with subsidized interest rates, repayment periods of 5 to 20 years, and grace periods of 5 to 10 years. To attain the maximum benefits from foreign borrowings, a more stringent foreign-assisted project selection scheme and new expenditure controls are being installed.

Gross domestic borrowings will amount to ₱15.8 billion, substantially lower than the ₱26 billion gross domestic borrowings in 1986. In view of the prevailing domestic credit market, a significant portion of domestic borrowings of the national government will continue to have short-term maturities. Steps are being taken, however, to increase the proportion of longer-term securities in the total domestic borrowing program. Around ₱5.0 billion or 31.6 percent of the ₱15.8 billion domestic borrowings scheduled in 1987 is expected to be raised through the issuance of medium-term Treasury Notes compared to ₱3.0 billion or 11.5 percent in 1986. Advances from the Central Bank will be limited to ₱2.2 billion.

By the end of 1987, the national government's external debt (i.e., including PNPP loans and excluding relending to government corporations), will amount to $5.1 billion –– all of which are medium-and long-term loans. This is 4.6 percent higher than the corresponding 1986 year-end level and will account for 18.7 percent of the country's total external debt. The national government's outstanding domestic debt, on the other hand, will amount to ₱122 billion, 9.6 percent higher than this year's level. The total outstanding debt of the national government by the end of 1987 will amount to ₱232 billion or 33.3 percent of GNP.

HIGHLIGHTS OF THE OBLIGATION BUDGET

The 1987 obligation budget program of the national government amounts to ₱128.8 billion, 8.5 percent higher than this year's level. The obligation budget-to-GNP ratio in 1987 is about 18.5 percent, slightly lower than the 1986 ratio of 19.2 percent. However, if the "non-productive" expenditure items of debt service and net lending are excluded, the 1987 budget will comprise a larger share of 11.4

percent of GNP vis-a-vis this year's 10.2 percent. Real productive expenditures will expand by 18.7 percent in 1987.

[Figure 3 – FINANCING PROGRAM, 1985-1987]

The obligation program supports the government's economic recovery efforts in the coming year through the development of agriculture, the creation of jobs, and the promotion of social justice. Large funding increases are being channelled to the economic sector, particularly agriculture and rural infrastructure, to create more productive jobs in the countryside. Together with macroeconomic policy reforms conducive to agricultural growth and productivity, the government is executing a genuine agrarian reform program that consists of full-scale extension services, a crop diversification program, a nationwide marketing information service, and an accelerated land reform program to further stimulate the sector.

The rural infrastructure program will focus on projects with the quickest pay-off like communal irrigation, water supply, barangay roads, flood control, and drainage projects to support rural production efforts and improve rural incomes. Labor-intensive construction technologies will be adopted to the fullest extent feasible to promote widespread employment.

The delivery of basic social services to our poor people will be expanded and improved. The budget allocation for social services will constitute the bulk of the "growth-inducing" component of the expenditure program. In particular, elementary and secondary education, and health programs will be accorded priority in order to minimize any further dislocation among the country's poor population.

Assistance programs to disadvantaged groups, particularly the poor and the rebels, will be increased. In housing, the government will construct cost-effective housing units for low-income households. With firmer resolve, the 1987 national budget will assist the poor to become self-reliant, productive, and more effective participants in the development process.

The Obligation and the Cash Budget Programs

The flow of transactions from the obligation budget program to cash disbursements can be summarized as follows: 1) the release of obligational authority through Advices of Allotment (AAs), the ceiling for which is the obligation budget program; 2) the utilization of AAs or the incurrence of obligation; 3) the release of cash authorizations; 4) the utilization of cash authorizations or the issuance of checks in payment for obligations incurred; and 5) the encashment of checks or withdrawal of cash from the Treasury.

Around 91.4 percent of the ₱114.7 billion cash disbursement program is the projected cash payment arising from the 1987 obligation budget program. The ₱9.8 billion balance representing cash payments on prior years' accounts is 11.0 percent more than that of 1986 (Table 2).

Sources of Appropriations

Roughly ₱57.7 billion or 44.8 percent of the ₱128.8 billion proprosed obligation expenditures is authorized under existing laws. This consists of the following: a) ₱1.2 billion of "fixed expenditures" or the life and retirement insurance premium payment to GSIS mandated under P.D. 1177; b) ₱5.8 billion of annual authorizations for projects

Table 2
RECONCILIATION OF THE OBLIGATION AND CASH DISBURSEMENT PROGRAMS, 1987
(In million pesos)

Obligation Budget Program,	
Gross of Debt Amortization	128,833
Less: Debt Amortization	13,918
Less: Projected Obligation Program Ceiling Which Will not be Used	3,000
Equals: Projected Obligations to be Incurred	111,915
Add: Change (i.e., beginning less ending) in Outstanding Payables	1,537
Add: Change in Check Floats	1,200
Equals: Cash Disbursement Program	114,652

Source: Ministry of Budget and Management

listed in the Public Works Act, otherwise termed as "continuing appropriations"; c) ₱1.0 billion of special accounts and funds authorized under PD 1234 and other enabling laws; d) ₱35.3 billion debt service expenditures under RA 4860; and e) ₱14.4 billion advances on guaranteed debts, as provided under PD 1177 and PD 1967 (Figure 4).

The remaining ₱71.1 billion, equivalent to 55.2 percent of the obligation program, will be authorized through the annual general appropriations law. This level of new appropriations is 5.5 percent higher than the ₱67.4 billion as originally approved for this year. Of the new appropriations in 1987, ₱47.2 billion is allocated to agency budgets and the remaining ₱23.9 billion is earmarked for the various funds. The Ministry of Education, Culture, and Sports and Universities and Colleges, together, will receive the largest amount of new appropriations. These State aggregate to ₱14.4 billion, representing a 26.3 percent increase over the corresponding level in the 1986 budget. Substantial amounts of new appropriations of ₱2.6 billion, ₱4.3 billion, and ₱11.8 billion have also been allocated to the Ministry of Agriculture and Food, the Ministry of Health, and the Ministry of National Defense, respectively.

Major Expenditure Components

The 1987 budget has the following features. First, a larger proportion of the budget is allotted for current operating expenditures and capital fixed investments in an effort to make up for the drastic real cuts in past years. Second, while budgetary support to government corporations is being reduced by more than a third, equity and subsidy contributions are being increased substantially by 169 percent and 62 percent, respectively, to improve the financial operations of government corporations and support priority development programs like the newly created National Housing Program. Third, as already mentioned, total debt service payments are increasing from ₱26.6 billion in 1986 to ₱35.3 billion in 1987 or by 32.6 percent largely because of the transfer of the liabilities of the Nuclear Power Plant to the national government after the decision to "mothball" this National Power Corporation project. Details of the two latter points will be discussed in subsequent sections.

[Figure 4 – SOURCES OF APPROPRIATION OF THE OBLIGATION PROGRAM, 1987 (In billion pesos)]

The ₱34.4 billion allocation for personnel services is ₱6.6 billion or 23.8 percent more than that this year and will account for more than a third of current operating expenditures. About ₱2.7 billion of the Compensation and Organizational Adjustment Fund is allotted for compensation increases. If the revenue target is attained, teachers can expect a 20 percent increase in basic pay, as part of government's implementation of the "Magna Carta" for teachers within a 4 or 5 year period. Agrarian reform extension workers are also expected to have above-average increases to put them at par with agricultural extension workers. Most of the rest of government employees will receive compensation adjustments of 10 percent or less.

The increase in the pay of government workers is justified considering the overall deterioration of the purchasing capacity of their compensation. In 1985, average real compensation in the national government was lower than the corresponding level in 1982 by 13 percent. The recent salary increase and the low inflation rate this year have raised the salary of an average government worker to about 98 percent of the corresponding 1982 level. The proposed compensation increase in 1987 will bring it to 109 percent of the corresponding 1982 level.

The real declines in the compensation of those occupying managerial positions have been significantly higher than that of the lowest-paid employee. For instance, the real basic salaries of a director and the lowest paid employee respectively shrunk by 40 percent and 11 percent from 1978 to 1985. While this is good from the equity viewpoint, concerns are being raised on the effectiveness of government compensation to retain or attract good personnel at the higher echelons of the government. In the lower levels of the bureaucracy, the percentage compensation differential with the private sector is significantly less than that in the higher levels. In the next six years, adjustments will be made to address the abovementioned compensation issues.

The size of the government bureaucracy is being contracted. The 1987 budget considers the dismantling of the Office of Media Affairs and the Ministry of Human Settlements. The measures that will be implemented on account of the recommendations of the Presidential Commission on Government Reorganization are not incorporated. The budget system has, however, adequate legal flexibility that will enable the government to implement any organizational changes that will be approved by the President even after the approval of the General Appropriations Act. Most reorganizations should not lead to a real expansion in the budget of affected agencies. However, in certain meritorious cases, additional funding (e.g., for personnel and related operating expenses) arising from the reorganization will be charged against the Compensation and Organizational Adjustment Fund (COAF).

[Figure 5 – OBLIGATION PROGRAM 1986-1987]

The COAF also allows for the creation of around 15,000 new positions or 1.6 percent more than the existing positions in 1986. Of these new positions 8,000 are allocated for new teachers and 3,300 for additional personnel in the Ministry of Social Services and Development.

From 67 percent in 1985, the real level of maintenance expenditures in relation to that of 1982 will be 92 percent in 1987. Maintenance expenditures will be allocated ₱20.4 billion, 14.8 percent higher than this year's level to meet the operating expenses of agencies and the requirements of existing infrastructure facilities. This will minimize major capital repairs and consequently save more funds for the government in the long run.

Capital outlays, exclusive of transfers to government corporations, will amount to ₱16.6 billion, increasing by a sizeable 39.3 percent over this year's ₱11.9 billion program. The abovementioned outlays of the national government for the coming year will constitute 2.4 percent of GNP, higher than the 1.8 percent average of these last two years. Small construction and improvement projects, including the rehabilitation of vital social infrastructures benefiting rural communities, have been prioritized given the labor-intensive methods they employ and their quick pay-off natures. Rehabilitation and restoration, as well as the improvement and upgrading of existing facilities, in particular, have been given primacy over replacements and new construction projects. Special attention was also given to the accelerated completion of ongoing projects, particularly those with foreign funding to realize the benefits from their early operation. Ongoing projects whose viability has been adversely affected by recent economic and financial developments were scaled down or discontinued to give way to more meritorious new projects. The financing of peso-cost components of new projects from foreign loan proceeds has been discouraged to minimize unnecessary build-ups on the outstanding foreign debt. Foreign assistance to new projects has been, as much as possible, restricted only to concessional sources and grants.

FUNCTIONAL DISTRIBUTION OF THE BUDGET

The 1987 budget translates the development priorities of the government into specific programs and projects. Accordingly, the economic and the social services sectors have been allocated the major chunk of the budget amounting to ₱54.4 billion or 42.2 percent of total expenditures (Table 3). The budget for these sectors will grow by 17.6 percent and 45.7 percent, respectively, higher than the 8.5 percent expected growth of the total budget next year. This will mean significant real increases particularly for the social services sector, partly making up for the previous regime's neglect of this sector (Figure 6). The budgets for defense and general public services have been constrained to the minimum feasible levels. The funding increases for the different sectors have been made possible with the halving of net lending to government corporations to ₱14.4 billion as efforts are made to rationalize corporate operations.

Economic Services

Accounting for ₱25.6 billion or 19.9 percent of the total budget program for 1987, the economic services sector will aim for the development of agriculture and the support of private productive ventures.

Table 3
FUNCTIONAL DISTRIBUTION OF NATIONAL GOVERNMENT EXPENDITURES, 1986-1987

PARTICULARS	LEVELS (In million pesos)		PERCENT	PERCENT OF TOTAL BUDGET		PERCENT OF GNP	
	1986	1987	GROWTH	1986	1987	1986	1987
ECONOMIC SERVICES	21,780	25,608	17.58	18.34	19.88	3.52	3.67
Agriculture, Agrarian Reform and Natural Resources	4,476	7,086	58.31	3.77	5.50	0.72	1.02
Trade and Industry	601	612	1.83	0.51	0.48	0.10	0.09
Tourism	163	167	2.45	0.14	0.13	0.03	0.02
Power and Energy	239	325	35.98	0.20	0.25	0.04	0.05

Water Resource Development and Flood Control	1,206	1,479	22.64	1.02	1.15	0.19	0.21
Communications, Roads, and Other Transportation	10,621	11,746	10.59	8.94	9.12	1.71	1.68
Rest of Economic Services	4,474	4,193	-6.28	3.77	3.25	0.72	0.60
SOCIAL SERVICES	19,773	28,815	45.73	16.65	22.37	3.19	4.13
Education, Culture, and Manpower Development	14,657	18,875	28.78	12.34	14.65	2.37	2.71
Health	4,027	4,796	19.10	3.39	3.72	0.65	0.69
Social Security and Labor Welfare	313	1,211	286.90	0.26	0.94	0.05	0.17
Housing and Community Development	64	1,182	1,746.88	0.05	0.92	0.01	0.17
Rest of Social Services	712	2,751	286.38	0.60	2.14	0.11	0.39
DEFENSE	7,611	8,530	12.07	6.41	6.62	1.23	1.22
GENERAL PUBLIC SERVICES	14,232	16,204	13.86	11.98	12.58	2.30	2.32
General Administration	6,493	8,080	24.44	5.47	6.27	1.05	1.16
Public Order and Safety	5,718	6,679	16.81	4.81	5.18	0.92	0.96
Rest of General Public Services	2,021	1,445	-28.50	1.70	1.12	0.33	0.21
NET LENDING	28,777	14,400	-49.96	24.23	11.18	4.64	2.07
DEBT SERVICE	26,605	35,276	32.59	22.40	27.38	4.29	5.06
Interest Payments	16,939	21,358	26.09	14.26	16.58	2.73	3.06
Debt Amortization	9,666	13,918	43.99	8.14	10.80	1.56	2.00
TOTAL	118,778	128,833	8.47	100.00	100.00	19.17	18.48

Source: Ministry of Budget and Management

[Figure 6 – REAL LEVELS OF FUNCTIONAL EXPENDITURES FOR SELECTED YEARS]

Agriculture, Agrarian Reform, and Natural Resources

As an indication of the primacy of agriculture, agrarian reform, and natural resources in the overall development strategy, this sector was allotted ₱7.1 billion, ₱2.6 billion or 58.3 percent larger than this year's level. This budgetary support constitutes 5.5 percent of the 1987 budget, partially reversing the past years' progressive decline of this sector's share from 10.9 percent in 1976 to 3.8 percent by 1986.

The farmer's profit margin will be enhanced through more crop neutral forms of assistance. A more comprehensive and effective package of support services –– covering the provision of credit, crop diversification assistance, a nationwide market information, and extension services –– will be implemented to assist farmers produce efficiently, arrange transport, and market farm produce at a fair price. Government intervention in prices will be gradually eliminated. An additional 1,052 extension workers will be hired to benefit about 157,000 more farmers. Extension work will also provide

assistance to about 500 agricultural cooperatives, and farm extension trials will be undertaken for some 300 hectares of agricultural lands. The rural credit delivery system will be improved. The grain price stabilization function of the National Food Authority will be maintained while ensuring a realistic differential between its procurement and the international prices of palay and corn.

Distributive justice, through the emancipation of tenant farmers, will receive greater support with the accelerated implementation of the agrarian reform program and the expansion in its scope and coverage to cover all arable lands. Similarly, cadastral surveys will be stepped-up for a more vigorous and systematic land resettlement and public land distribution system. The Operation Land Transfer of the Ministry of Agrarian Reform in 1987 will benefit 205,450 farmers and will involve 226,000 hectares of farmlands and the issuance of 241,725 emancipation patents. The issuance of emancipation patents in lands planted with rice and corn is targeted to be completed within the next two years. In addition, about 3,300 farmers more will benefit from the issuance of Orders of Awards covering 3,900 hectares of landed estates. These efforts will be complemented by lot surveys and final surveys of the Ministry of Natural Resources which are programmed to number 503,000 and 174,200, respectively.

The feasibility of further reducing taxes on agricultural inputs will be explored to encourage the use of such inputs. This may raise crop yield per hectare to an extent higher than world or Asian averages.

Crop production targets will be similarly supported with the nearly threefold increase in the equity contributions to the National Irrigation Administration to ₱400 million, and the ₱400 million expanded provision in the Ministry of Agriculture and Food for the rehabilitation and construction of communal and large-scale irrigation systems. The rehabilitation of existing irrigation facilities will benefit some 93,915 hectares of farm lands while expansion in capacity will irrigate an additional 50,048 hectares. Corn production is expected to grow with the promotion of hybrid yellow corn to supply the growing feeds market for the commercial hogs and poultry industries. Livestock farming will be supported further under the farm animals dispersal program which will distribute about 17,550 farm animals in 1987. Crop diversification and intercropping in coconut and sugar lands are likewise anticipated to boost the production of non-traditional crops.

Efficient land use and agricultural productivity will be encouraged partly through the application of appropriate cropping patterns, intensified land classification activities, and restraint in the conversion of agricultural lands to other uses. The research and extension system shall be revitalized with increased investments and greater decentralization of responsibility and authority in deciding the focus and design of research activities. Research work in 1987 will be directed towards the production and reproduction of 136,952 soil-based maps and related thematic maps. Surveys on soil conversion, management, and development will involve about 717,234 hectares of land.

The development of regional ports and other fishery facilities will help increase fish production by 3.4 percent. Fish production activities will also benefit from the various on-going foreign loan-assisted projects intended to provide improved production technology, fishery training, credit, and aquaculture development. The fisheries program of the Ministry of Agriculture and Food will assist some 212 small-scale fishing projects and will produce and disperse some 5.25 million fingerlings.

The ₱1.4 billion budgetary provision for the Ministry of Natural Resources (MNR) will promote the efficient and judicious use of natural resources through the formulation of definitive rules and regulations in natural resources utilization, the development of an effective control and enforcement mechanism, and the generation of an updated and accurate information on the status and potentials of available resources.

Aggressive measures have been initiated to halt the denudation of remaining forest lands with an intensified campaign against illegal logging and log smuggling, and a virtual ban on log export effective August 21, 1986. The Bureau of Forest Development will undertake in 1987 about 167

reforestation projects, plant 28,958 hectares of forestlands, maintain 289,978 hectares, and protect 15.6 million hectares. Reforestation efforts are being accelerated through programs like the Program for Forest Ecosystem and Management (PROFEM), Industrial Tree Plantation (ITP), and Communal Tree Farming (CTF). Some ₱731 million is allocated for the development, conservation, and protection of forest resources in the various regions. These efforts will be complemented by some 490 researches on the production and conservation of forest resources that will be completed by the Forest Research Institute.

Trade and Industry

Around ₱612 million will be allocated for the Ministry of Trade and Industry (MTI) and other agencies undertaking functions mainly related to the promotion, regulation, and policy formulation for the sector.

Industrial development efforts will focus on the development of world-competitive industries which will complement the growth in agricultural output and rural incomes. The deregulation of industries, together with the establishment of an efficient market information system, will be pursued vigorously. Foreign investments, which will be actively encouraged to supplement domestic investment, will be channeled to high value-added, export-oriented, and employment-generating activities.

In the coming year, the MTI will intensify the promotion and development of small- and medium-scale industries through the establishment of 44 community and technology assistance projects, the provision of trade information services to producers and individuals, and the conduct of industry training programs. Large-scale industries on the other hand, will be promoted and developed with a ₱5.3 million budget allocation.

Foreign trade promotion efforts will initially be focused on products (e.g., garments, electronics, and furnitures) in which the country has a comparative advantage in the international market. Over the medium-term, emphasis will be given to other nontraditional exports, particularly resource-based products; light industrial manufactures and intermediate goods; as well as to the export of services. In 1987 the MTI, with a budget of ₱410.3 million, will maintain 27 trade posts in the United States, Asia and the Pacific, Europe, and the Middle East to promote foreign trade.

Tourism

The tourism-related activities of the national government will be allotted some ₱167 million. The government will encourage the private sector including airline and hotel businesses to promote international tourism and help generate foreign exchange. In the coming year, the Ministry of Tourism projects the arrival of 805,000 foreign tourists which will generate about $600 million for the country.

Accordingly, ₱7.6 million will be allocated for the continued regulation of the tourism industry and the provision of tourism assistance services including the maintenance and operation of information centers, the facilitation of travel documents, tourist reception, and tour guiding. The operation and maintenance of foreign field offices are estimated to cost ₱33.6 million.

Power and Energy

The ₱325 million allocation for power and energy, 36.0 percent more than that of this year, is basically intended for the rehabilitation of existing thermal power and generating plants, the installation of transmission lines, and the continuous search and development of alternative indigenous energy sources. In addition, the electrification of rural households and commercial establishments will be expanded through budgetary support to the National Electrification Administration.

A stable supply of energy over the long-term will be ensured. With the decision to "mothball" the Bataan Nuclear Power Plant, preparations are underway for the implementation of major projects, which may include the ₱2.2 billion Bacon-Manito Geothermal Power Project and the ₱7.2 billion Calaca II Coal Thermal Project.

The feasibility of withdrawing the power subsidy to small residential and commercial users is likewise being considered to relieve domestic industries of high energy cost and provide them with a better chance to compete in international markets.

Water Resource Development and Flood Control

Water resource development and flood control will be allocated ₱1.5 billion, mainly for the completion of ongoing flood control projects, and the construction and rehabilitation of potable water supply facilities, especially in the rural areas.

The Metropolitan Waterworks and Sewerage System will rehabilitate existing water distribution facilities to reduce water leakages. A further boost to water supply can be expected with the earmarking of some ₱46.9 million for the provision of barangay faucets and water storage tanks and deepwells under the MMINUTE.

To benefit an additional 2.1 million people in the rural areas, the MPWH will construct some 5,263 shallow wells and 3,048 deep wells, develop 388 springs, and rehabilitate 1,769 existing wells and 30 communal faucet systems.

Flood control projects, particularly in Metro-Manila and in the major river basins, will be implemented. The flood control and drainage program of the MPWH involves 435 river control and drainage projects, 37 impounding dams, 586 mini-dams, and 146 sea walls. The Flood Control and Operation System in the Pasig, Marikina, and Laguna Lake areas; the rehabilitation of the Manila Pumping Station; as well as the further construction of a diversion channel in the Manggahan Flood area have been provided ₱99.7 million, ₱126.9 million, and ₱80 million, respectively. The Bicol River Flood Control Project will receive ₱41.7 million and the Pampanga Delta Development Project, ₱41 million.

Communications, Roads, and Other Transportation Facilities

With a budget allocation of ₱11.7 billion for the coming year, communications, roads, and other transportation facilities will continue to receive the highest allocation within the economic services sector. The upgrading and expansion of the existing air transportation system and the improvement of the communication network in various parts of the country will be accomplished with the allotment of ₱245 million of capital investments for airports, telecommunication, and postal services under the Ministry of Transportation and Communications.

The 1987 program for the development and improvement of airports will cover the improvement of 24 air navigational facilities, the expansion of 37 aircraft movement areas, and the construction or improvement of 14 airport terminals.

The government will construct, improve, or rehabilitate 21 post office buildings in the National Capital Region and in six other regions. A significant upgrading of mail delivery service quality is targeted through further improvements in the mail distribution and processing system. The efficiency of the telecommunication network, including radio monitoring facilities, will partly be enhanced with the development or improvement of 11 radio monitoring facilities and 285 telecommunication stations in all regions of the country.

The Ministry of Public Works and Highways will be allocated ₱7.8 billion primarily for maintenance and rehabilitation expenses as well as the expansion of the existing network of roads and bridges.

The construction of additional farm-to-market roads, critical cross-country highway links, secondary and feeder ports in the rural areas, communal irrigation and drainage, as well as vital social infrastructures, such as water supply is mandated in the 1987 infrastructure program. However, rehabilitation and restoration, as well as improvement and upgrading of existing facilities, will take precedence over replacements and new constructions as measures to conserve scarce funds. And while on-going projects are generally accorded priority, newly started large-scale projects which have lost their relevance because of new economic conditions and national priorities will be scaled down into more viable and manageable "self-contained" packages.

New infrastructure projects are being initiated mainly to break critical bottlenecks that impede the expansion of production and the provision for basic human needs. These projects emanated from the Regional Development Investment Programs and include infrastructure projects such as the Highland Agricultural Development Project (ADB-Assisted), Small Island Development Project (ADB-Assisted), Integrated Improvement of Daang Maharlika Highways (JICA-Assisted Studies and Engineering), 4th ADB-Assisted Road Project, Cagayan River Basin, Master Plan/Engineering (JICA-Assisted Grant), KFW-Assisted Rural Water Supply Project, and the Island Provinces Water Supply Sector Project.

The 1987 road program seeks to rehabilitate, improve or construct about 6,673 kilometers of barangay roads, 2,103 kilometers of national roads and 667 kilometers of provincial roads. Some 8,000 meters of bridges are also slated for rehabilitation or reconstruction. More than one-half of total investments for highways are earmarked for ongoing and nearly completed foreign-assisted projects.

Some 246 municipal, feeder, and multi-purpose ports will be constructed or improved. Four regional fishing ports with storage facilities will also be developed to benefit low-income fishermen.

Rest of Economic Services

Of the ₱4.2 billion allocation for the rest of economic services, about ₱3.7 billion are fund transfers to local government units. The Philippine Deposit Insurance Corporation is also allotted ₱0.2 billion to service the deposit insurance claims on banks that suffered negative networth. Approximately ₱0.1 billion will be given to the Central Bank to administer the Industrial Guarantee Loan Fund.

Social Services

Some ₱28.8 billion, 45.7 percent more than that for this year, will be allocated to the social services sector covering education, health, social security/labor welfare, and housing. The major concerns in social services include the following: a) higher participation rates and increased access to public elementary and secondary education; b) the expansion and improvement of medical and health services for underprivileged groups as well as the promotion of their nutritional well-being; c) slum upgrading, squatter relocation or resettlement and the promotion of socialized housing programs; d) encouragement of local employment and apprenticeship; and e) the promotion and maintenance of industrial peace.

Education, Culture, and Manpower Development

The ₱18.9 billion education budget has been formulated based on the following principles: (a) improvement of the quality and relevance of the educational and training system to our country's requirements; (b) reduction of the disparities in access to quality education and training arising from socioeconomic status and geographical factors; (c) intensification of value formation vital to moral and social transformation; (d) strengthening of the system for educational planning, monitoring, and evaluation; (e) institutionalization of functional linkages between formal and nonformal education and

training institutions; and (f) promotion of entrepreneurial education and training. The 28.9 percent expansion in the 1987 budget for education is the highest, compared to the corresponding annual growth during the past two decades.

Approximately ₱9.2 billion will be allocated for elementary and secondary education and ₱244 million, for higher and nonformal education programs. Elementary enrollees for the coming year are targeted to increase by 2.3 percent to 8.9 million while high school and higher education enrollment is placed at 0.9 million. Accordingly, a total of 249,393 classes in the elementary, high school, and college levels will be maintained.

The tertiary school system needs to be rationalized. It is characterized by a proliferation of state colleges and universities and by a government subsidy level per student that is ten times higher in tertiary than in elementary education. This imbalance will be corrected by shifting budgetary resources from tertiary to elementary and secondary education and by improving the internal cash generation capacity of state colleges and universities. The justification for such policy change is straightforward: the proportion of poor students in government elementary and secondary schools is much higher than that in state colleges and universities.

A major endeavor in elementary education is the Program for Decentralized Educational Development which calls for continuing improvements in the elementary school curriculum, the retraining of teachers and school administrators, the production of textbooks and other instructional materials, and the upgrading of school facilities and equipment. The construction of 5,303 new classrooms, replacement of 3,459, and rehabilitation of 7,832 existing dilapidated classrooms are targeted for 1987.

The public education program for 1987 aims to increase the access to quality training for poor but deserving students. The budget for the "Study-Now-Pay-Later Plan" will significantly increase to ₱20 million to accommodate 4,000 scholars instead of only 600. This is in addition to the support of 10,529 state scholars inclusive of ethnic groups and rebel returnees which comprise 4,594 or 44 percent of the scholars. For the first time, ₱18.15 million is being appropriated as national government assistance to public science high schools.

Recognizing the critical role public school teachers play in our nation's life and future growth, ₱1.2 billion is provided to adjust the compensation of teachers in the coming year. Within the next 4 or 5 years, the minimum monthly compensation of teachers may reach ₱3,400. In addition, about 8,000 new teachers will be hired.

Non-formal education programs will provide non-traditional educational alternatives among out-of-school children, youths, and adults. These will focus on the provision of functional literacy, numeracy, and technical skills required by the economy. Technical and vocational education will be directed towards the provision of skills required by a labor-intensive, rural-based development strategy; skills for self-employment and entrepreneurship; and those required by current and emerging technologies in industries.

Health

Growing by 19.1 percent, the ₱4.8 billion program for health and nutrition services will be channelled largely to the maintenance and operating cost of existing general and specialized hospitals, sanitaria, clinics, and other health units. This provision includes, ₱83.2 million for the procurement and replacement of hospital equipment and facilities, and ₱287.1 million for the more adequate purchase of drugs and medicines in the 13 regions of the country. The 1987 budget also includes outlays for the construction and repair of 445 hospitals and 12 barangay health units.

Some ₱38 million will be allocated to intensify the five impact programs of the Ministry of Health. These will promote comprehensive maternal and child care and family planning; and control

tuberculosis, malaria, and schistosomiasis. About 23.4 million beneficiaries are estimated to benefit from these impact programs.

The delivery of basic health services will be anchored on intensified education using the Primary Health Care (PHC) Approach. Improved health care services are expected to be spread out among the 42,000 barangays of the country. Self reliance will be encouraged through the promotion of community-based services and the utilization of indigenous resources such as herbal medicines, barangay health workers and cost-effective nutrition sources. These are designed to ultimately lower the cost of health services. Children-oriented programs designed to improve child health care include immunization, nutrition improvement, and the control of diarrhea. Programs geared towards the prevention of anemia and goiter among pregnant/lactating mothers will also be implemented.

The 1987 budget will continue to promote family welfare, through family planning with mother and child as the targets of most activities. Around 1,644,000 pre-natal cases are to be handled and 686,000 malnourished children are to be given supplemental feeding.

Social Security and Labor Welfare

Next year, ₱1.2 billion, approximately ₱0.9 billion higher than this year's budget, will be provided for social security and labor welfare. As a basic policy, the government shall provide the means for labor to receive an equitable share in the fruits of production by supporting the rights of workers to organize, bargain collectively, and exhaust all legal means for the redress of their legitimate grievances. The Ministry of Labor and Employment (MOLE) aims in 1987 to register unions and approve collective bargaining agreements numbering some 1,679 and resolve 18,257 appealed cases. The National Wage Council will conduct twice the number of wage-related surveys, form inter-agency wage committees, and extend legal assistance to ensure that the worker's benefit package responds to basic human needs and provides the proper incentives for increased productivity. A policy of non-intervention in wage setting, however, will be pursued to allow market and institutional factors to determine an equitable compensation level for the labor class. Improved working conditions and the adequate prevention of grave hazards to health and safety in the work place will be assured through 7,262 inspections to be conducted by the Bureau of Working Conditions. Government authorities shall specify a set of minimum labor standards and establish a monitoring system to ensure compliance.

The MOLE will also intensify its promotion of local employment by registering and absorbing 185,742 apprentices and learners in its apprenticeship programs, including 20,000 industrial workers. It also targets to assist 6,300 overseas workers.

About ₱0.5 billion is provided for social security and welfare programs, which include the following: (a) assistance to distressed victims of disasters and displaced individuals; (b) the integration of disabled persons in the community through intensive rehabilitation and training; and (c) the promotion of child care and development through supplemental feeding and the early childhood enrichment program. Around ₱50 million is allocated for new projects like the "Lingap Center" to temporarily house 1,200 street children; "ready-to-eat-food" for distribution to around 2,500,000 individuals to be served during calamities; the rehabilitation program for dissidents which is estimated to serve about 5,720 individuals including family heads; and the functional literacy program for an estimated 32,925 women of low-income families.

Housing and Community Development

About ₱1.2 billion will be allocated for the shelter needs of homeless urban dwellers. While the main role of government is to regulate and assist the private sector in the production of adequate

housing units for middle-and high-income earners, the National Housing Authority (NHA) will continue to directly engage in constructing housing units in 1987 for the poor under the National Housing Program. A total budget allocation of ₱1.2 billion is earmarked for the National Housing Program for next year, consisting of the ₱403 million equity and subsidy contributions to the NHA, and the ₱779 million equity and subsidy contributions to the National Home Mortgage Finance Corporation. The NHA will also undertake urgent slum-upgrading and squatter relocation projects, and the provision of sites and services for marginal income-families.

Rest of Social Services

Of the ₱2.8 billion for the rest of social services, ₱1.6 billion is allotted for local government units and ₱0.5 billion for the Ministry of Social Services and Development (MSSD). Some ₱1.2 billion of the assistance to local government units is earmarked for the Local Communities Assistance Program, significantly for the amelioration of rebel returnees.

Defense

The ₱8.5 billion defense budget is primarily designed to protect the country from internal and external aggression. The 1987 defense budget will account for 6.6 percent of the total budget, just slightly over this year's 6.4 percent budget share. It represents a 12.1 percent nominal increase over the 1986 defense budget and already includes provisions for mandatory compensation adjustments as well as a reasonable increase in funding for maintenance and operations due to inflation. The defense budget will maintain a military troop strength equivalent to a ratio of four soldiers per rebel. The ₱152 per capita defense spending is significantly lower than that of most Asian countries.

An important feature of the defense budget is the reduction of the number of Civil Home Defense Forces (CHDF) from 70,000 to 45,000 by 1987.

Defense expenditures will be geared towards improving operational effectiveness and capability in military operations and combat; upgrading military transport, communication facilities, and equipment in critical areas; and rehabilitating existing medical and health facilities of the various regional commands.

The government will intensify military participation in civic action programs like the repair and construction of roads and other public facilities in areas with unstable peace and order conditions. Furthermore, military participation shall be harnessed, in coordination with other government agencies, in extending assistance to disadvantaged groups and in the distribution of relief goods and medicines in areas severely damaged by natural calamity.

General Public Services

General Administration

The allocation for general administration reflects the government's commitment to institutionalize efficiency in the various support agencies of the bureaucracy. Such allocation will increase from ₱6.5 billion in 1986 to ₱8.1 billion in 1987. The bulk of the provision will be used for the formulation of national policies, the coordination of planning and implementation of government projects, and the collection of revenues.

Public Order and Safety

In 1987, the maintenance of public order and safety will be allocated ₱6.7 billion, representing a 16.8 percent increase over that of 1986.

The Integrated National Police, the Philippine Constabulary, and the National Police Commission will collectively receive ₱4.1 billion. Likewise to protect the citizenry and maintain peace, an additional 1,000 constables and 1,000 policemen will be hired.

About ₱1.8 billion will be given to the Ministry of Justice, the Judiciary, and the Tanodbayan. Legal assistance to indigent citizens will be provided. Justice administration in local areas will be supported through the full nationalization of the salaries of the provincial/city fiscals' offices.

Rest of General Public Services

Around ₱1.4 billion will be allocated for the rest of general public services. About ₱0.8 billion will go to local government units including autonomous regions to finance their operating expenses and ₱0.1 billion for the premium payments of the insurance of government properties, particularly buildings.

Net Lending

The ₱14.4 billion provision for net lending accounts for about 11.2 percent of the total obligation budget. Of this amount, ₱9.2 billion is earmarked as assistance to government financial institutions (GFIs) which is distributed as follows: the Development Bank of the Philippines (₱5.7 billion), Philippine National Bank (₱2.8 billion), and the Philippine Export and Foreign Loan Guarantee Corporation (₱0.7 billion). The ₱9.2 billion provision constitutes more than half of the budget for net lending and will be used mainly to service the obligations of the financial institutions guaranteed by the national government as well as those arising from private sector loan defaults on guarantees extended by the GFIs. The 1987 budget, however, has yet to incorporate the implications of the transfer of the non-performing assets and corresponding liabilities of PNB and DBP to the national government. The transfer will increase the debt service program of the national government but would eliminate all current forms of budgetary assistance to GFIs. Of the major nonfinancial corporations, the National Food Authority, National Irrigation Administration, and National Electrification Administration continue to be the major recipients of national government loans amounting to ₱1.5 billion, ₱1.8 billion, and ₱0.8 billion, respectively.

Debt Service

For 1987, total debt service requirements of the national government amount to ₱35.3 billion, about ₱8.7 billion or 32.6 percent higher than the 1986 level of ₱26.6 billion. The servicing of nuclear power plant-related liabilities amounts to ₱5.2 billion: ₱2.5 billion of interest payments and ₱2.7 billion of debt amortizations. Thus, the debt service payments for the coming year will represent 27.4 percent of the budget vis-a-vis 22.4 percent this year. Table 4 summarizes the major components of the 1986 and 1987 debt service programs.

Interest Payments

In 1987, the national government's interest payments amount to ₱21.4 billion for an increase of ₱4.4 billion or 26.6 percent over this year's level. More than half or ₱2.5 billion of this increase is due to the domestic and foreign interest payments of the transferred liabilities of the "mothballed" Bataan Nuclear Power Plant. Interest payments of these assumed loans were based on the rescheduled interest rates. The rest is due to increased issuances of domestic debt instruments.

The projected interest payments on treasury bills represent 30.1 percent or ₱6.4 billion of the total level. In 1987, the interest

Table 4
DEBT SERVICE PROGRAM OF THE NATIONAL GOVERNMENT, 1986-1987
(In million pesos)

PARTICULARS	1986	1987	INCREASE/ DECREASE (-)
INTEREST PAYMENTS	16,939	21,358	4,419
Domestic	11,070	13,069	1,999
Foreign	5,869	8,289	2,420
DEBT AMORTIZATION	9,666	13,918	4,252
Domestic	3,692	4,974	1,282
Foreign	5,974	8,944	2,970
TOTAL	26,605	35,276	8,671
Domestic	14,762	18,043	3,281
Foreign	11,843	17,233	5,390

Sources: Ministry of Finance and Ministry of Budget and Management

payment reduction effects of the lower interest rates and the preference for shorter maturity periods are higher than the upward interest payment impact of the additional sales of ₱17.6 billion. These sales would include the rolling-over of past issuances. The projected level of outstanding Treasury Bills by the end of 1987 is placed at ₱58.2 billion, implying ₱8.1 billion of new flotations during the year.

Interest payment on provisional advances from the Central Bank will decrease from ₱2.1 billion this year to ₱1.5 billion as a result of the projected decline of interest rates.

Debt Amortization

The debt amortization payment of ₱13.9 billion scheduled in 1987 is ₱4.2 billion more than this year's ₱9.7 billion. About ₱2.7 billion of this increase is due to the assumed amortization on Philippine Nuclear Power Plant (PNPP) loans. The rest of the increase in debt amortization is due to six foreign loans starting their first year of repayment in 1987. With the exception of PNPP loans, the national government is not expected to benefit from the pending multi-year debt restructuring agreement with the Paris Club and other foreign commercial banks.

OTHER DIMENSIONS OF THE OBLIGATION BUDGET

Budgetary Support for Government Corporations

Support for government corporations will amount to ₱19.6 billion or 15.2 percent of the expenditure program. This amount is only around 63 percent of this year's level of ₱31.2 billion largely because of the sharp decline of net lending provisions to ₱14.4 billion and the shift of budgetary transfers to more equity and subsidy infusions. This is consistent with structural reforms being undertaken in the government corporate sector and the multi-year rescheduling of public corporate debts.

This year, comprehensive reforms in government corporate operations have been initiated to rationalize the size and manner of government intervention in the economy, arrest the wasteful drain on scarce public resources, and minimize unwarranted demands on the national budget. The divestment

and privatization of public corporate firms engaged in activities like commercial banking, which directly compete with private enterprises, have been started. Likewise, the merger and consolidation of government corporations performing inter-related and overlapping functions are being seriously considered, and where necessary, their conversion into regular government agencies, undertaken.

The Philippine National Bank and the Development Bank of the Philippines will be rehabilitated although their scope of activities in the financial system will further be limited. Their non-performing assets are being disposed of as soon as possible to minimize losses, including the operating losses of unsold non-performing assets. If GFIs do not improve their future operations, the feasibility of selling them to the private sector will be explored.

As a matter of budgetary policy, support to a government corporation will be given only after it has exhausted all feasible internal corporate adjustments which include price or tariff adjustments, higher collection/billing efficiencies, and lower expenditures. Only when internal adjustments and alternative financing sources are inadequate will budgetary support be provided. To the extent feasible, the government will henceforth demand a return on its equity contribution. Specific conditions on corporate performance standards will be set and will generally include, among others, internal cash generation capacity and ability to recover costs. Thus, important assumptions and specific conditions underlying the infusion of budgetary support will be properly documented and these will be monitored and reviewed during the budget execution phase.

The ₱14.4 billion net lending program will primarily be used as advances for foreign debts of government corporations.

Current operating subsidies will amount to ₱P2.0 billion. Forty-one percent (₱827 million) of the subsidies consist of the support to the Philippine Ports Authority and 34.6 percent (₱693 million) to the National Housing Authority and the National Home Mortgage Finance Corporation (NHMFC) partly to fund the National Housing Program. Substantial amounts of subsidies will also be channelled to essential projects of the Sugar Regulatory Administration (₱83.9 million) and the Philippine National Railways (₱80 million).

Table 5
BUDGETARY SUPPORT FOR GOVERNMENT CORPORATIONS, 1985-1987
(In million pesos)

PARTICULARS	1985				1986				1987				GROWTH RATE	
	Equity Investment	Subsidy	Net Lending	Total	Equity Investment	Subsidy	Net Lending	Total	Equity Investment	Subsidy	Net Lending	Total	1985-1986	1986-1987
Government Financial Corporations	964	94	11,043	12,101	668	0	20,240	20,908	623	514	9,195	10,332	72.8%	-50.6%
Major Nonfinancial Government Corporations	3,301	357	1,020	4,678	386	812	7,294	8,492	2,248	1,126	4,475	7,849	81.5%	-7.6%
Rest of Corporations	508	547	472	1,527	136	423	1,243	1,802	329	360	730	1,419	18.0%	-21.3%
GRAND TOTAL	4,773	998	12,535	18,306	1,190	1,235	28,777	31,202	3,200	2,000	14,400	19,600	70.4%	-37.2%

Sources: Ministry of Finance and Ministry of Budget and Management

On the other hand, the ₱3.2 billion equity infusion to government corporations in 1987 is more than twice this year's level. Reflective of the priority accorded to the development of agriculture, substantial equity allotments totalling ₱1.65 billion will be given to corporations catering to the agricultural sector, like the National Food Authority, National Irrigation Administration, Philippine Fisheries Development Authority and the Philippine Dairy Corporation. Financial institutions, such as the Philippine Deposit Insurance Corporation and the Central Bank of the Philippines, will also receive significant equity infusions amounting to ₱200 million and ₱118 million, respectively.

Foreign Assisted Projects

Some 191 national government foreign-assisted projects identified as consistent with the new administration's programs and priorities are programmed in the 1987 budget. A large number of these projects are concentrated in the infrastructure, education, and agriculture sectors.

Funds for foreign-assisted projects will be increased by 14.8 percent to reach ₱9.3 billion. These consist of the ₱3.6 billion for domestic counterpart funds and the ₱5.7 billion of foreign loan and grant proceeds. Table 6 presents a profile of the 1986-1987 foreign-assisted projects program.

In terms of funding requirements, the 5th IBRD Road Project ranks first with ₱720.2 million in 1987 or 48.9 percent more than its 1986 level. The second highest is the IBRD-financed 7th Education Sector Loan, which requires ₱429.3 million in 1987.

Foreign financing for "project loans" will increase by 23.1 percent, partly as a result of an accelerated program of loan disbursements by creditors to augment the peso-cost funding of foreign project loans. Among foreign creditors, IBRD-assisted projects will take the largest share in the 1987 provision for foreign loan assisted projects, requiring a total of ₱2.9 billion or 31.2 percent of total requirements. OECF loans which basically fund infrastructure projects will account for the next largest share of ₱1.9 billion, representing 20.4 percent of total FAPs requirements.

Of the $3.1 billion committed by the various lending institutions to ongoing national government foreign-assisted projects, a total of $978.8 million or 31.4 percent have been utilized as of December 31, 1985. Of the unutilized amount, $247.0 million and $242.1 million are programmed to finance the 1986 and 1987 requirements respectively, while the remaining 47 percent represent project loan requirements after 1987.

Transfers to Local Government Units

Local government units (LGUs) will receive ₱7.9 billion in budget support for 1987, representing a substantial increase of 37.8 percent from the 1986 program (Table 7). The LGUs' share of national revenues (e.g., internal revenue and specific tax collections) will decline from ₱3.5 billion in 1986 to ₱2.6 billion in 1987 after suitable adjustments for past years' national government overpayment to LGUs. However, the ₱0.9 billion decline in the national revenue sharing program will be fully offset by the newly established Local Government

Table 6
BUDGETARY PROVISIONS FOR FOREIGN-ASSISTED PROJECTS, 1986-1987
(In billion pesos)

PARTICULARS	LEVELS		GROWTH RATE	PERCENT DISTRIBUTION	
	1986	1987		1986	1987
A. BY LENDING INSTITUTION					
International Bank for Reconstruction and Development (IBRD)	3.7	2.9	-21.62	45.68	31.18
United States Agency for International Development (USAID)	.6	.6	0.00	7.41	6.45
Asian Development Bank (ADB)	1.3	1.1	-15.38	16.04	11.83
Overseas Economic Cooperation Fund (OECF)	1.7	1.9	11.76	20.99	20.43
Country Creditors and Other Financial Institutions	.6	.8	33.33	7.41	8.60
Total	7.9	7.3	-7.59	97.53	78.49
Foreign-Assisted Projects Support Fund	.2	2	900.00	2.47	21.51
Grand Total	8.1	9.3	14.81	100.00	100.00
B. BY SOURCE OF FUNDING					
GOP Counterpart	3.4	3.6	5.88	41.98	38.71
Loan/Grant Proceed	4.7	5.7	21.28	58.02	61.29
Total	8.1	9.3	14.81	100.00	100.00

Source: Ministry of Budget and Management

Revenue Stabilization Fund intended to help economically depressed local communities in funding their poverty alleviation programs. Another newly created fund is the Local Communities Assistance Program which provides for credit and technical assistance to rebel returnees for them to lead normal productive lives. Some ₱910 million of budgetary transfers to LGUs will go to labor-intensive local roads construction projects and ₱74 million, for the repair and construction of schoolbuildings and rural health units. Around ₱473 million will be allotted for the Provincial Development Assistance Projects Fund.

Table 7
TRANSFERS TO LOCAL GOVERNMENT UNITS, 1985-1787
(In million pesos)

PARTICULARS	1985	1986	1987	GROWTH RATE	
				1985-1986	1986-1987
Local Roads Construction	97	278	910	186.6%	227.3%
Repair and Maintenance of Local Roads	571	1,109	859	94.2%	-22.5%
Barangay Development Fund	184	115	115	-37.5%	0.0%

Budgetary Aid to Local Government Units	193	84	84	-56.5%	0.0%
Provincial Development Assistance Project Fund	758	511	473	-32.6%	-7.4%
Provincial Health and Agricultural Program	30	34	34	13.3%	0.0%
Repair and Construction of Public School Buildings and Rural Health Units	1	74	74	7,300.0%	0.0%
Sharing of National Revenue	3,522	3,500	2,573	-0.6%	-26.5%
Local Government Revenue Stabilization Fund	0	0	1,533	–	–
Support to Local Development Project	37	20	0	-45.9%	-100.0%
Local Government Planning and Zoning Fund	3	2	2	-33.3%	0.0%
Financial Assistance for Local Resources Management Program	0	3	0	–	-100.0%
Local Communities Assistance Program	0	0	1,240	–	–
GRAND TOTAL	5,396	5,730	7,897	6.2%	37.8%

Source: Ministry of Budget and Management

The Support to Local Development Program Fund, which was used by the previous regime in mobilizing political support from local government units, has been eliminated.

THE NEXT SIX YEARS

The reliance on market-oriented policies, as well as the renewed confidence in government and the cooperation of businessmen and international bankers, provide the strong bases for optimism in the future of the Philippines. At the same time, favorable world market factors such as the decline in the price of oil, lower interest rates, more stable foreign exchange rates, and the stronger growth in the economies of major trading partners is expected to heighten the country's development.

As contained in the recently approved Medium-Term Development Plan, total national output is targeted to expand at an average real rate of 6.8 percent from 1987 to 1992, higher than the 2.0 percent average expansion of the past decade. By 1990, Filipinos will be able to recover their 1982 per capita real income of ₱1,920. Thus, the inflation rate is anticipated to decline from the past average of 15.5 percent to only 8.1 percent a year as domestic productivity and aggregate supply of goods rise with the more vigorous participation of the private sector in domestic economic activities and the full implementation of the trade and import liberalization program. This and the ensuing 2.2 percent yearly rise in labor productivity in the coming years will enhance the economy's capacity to absorb additional labor, bringing down the unemployment rate from the present 11.6 percent (2.5 million persons) to 4.6 percent (1.2 million persons) by 1992.

The ratio to GNP of the national government's budget disbursements will be maintained at roughly its 1987 share of 16.4 percent. Complementing these will be the intensification of the revenue effort to raise revenues from 13.6 percent of GNP in 1987 to 15.3 percent of GNP in 1992, so that by then, the national government cash deficit will be equivalent to less than 1 percent of GNP (Figure 7).

Resources

To support a 14.7 percent annual growth in the budget from 1987 to 1992, the elasticity of taxes vis-a-vis GNP will be increased from the present 0.6 to 1.0 in the next five years. An 18.4 percent average revenue growth is expected to be easily attainable as the revenue outlook is dominated by

the continuing reform of the tax structure and collection efficiency improvements. Projected revenue in the medium-term will then be able to finance a progressively higher proportion of budgetary disbursements, increasing from 82.8 percent in 1987 to around 97 percent in 1992.

Net borrowings will average ₱13.4 billion a year, around ₱1.0 billion of which will be used to maintain safe levels of cash balances. Net domestic borrowings will be limited to an average annual ₱8.7 billion and the reliance on foreign borrowings will be reduced to 40 percent of net financing requirements in 1992.

Expenditures

National government cash disbursements will be limited to an average annual growth of 13.3 percent in the next six years. Of the total disbursements, current operating expenditure requirements will account for 74.4 percent, a slightly greater share than the 69.8 percent slated in 1987. The average daily compensation of government employees is targeted to grow from ₱119.1 in 1987 to ₱195.0 in 1992 implying an average annual 2.5 percent real increase. Maintenance and operating expenditures will be allowed to rise only to insure efficient office operations and prevent the deterioration of irreplaceable capital infrastructure and equipment.

Aggregate capital expenditures, exclusive of transfers to corporations, will increase at a faster annual rate of 16 percent from ₱17.0 billion in 1987 to ₱35.6 billion in 1992 compared to an average of 1 percent growth in the past 5 years. A public investment program, averaging at least 4 percent of GNP in the next six years, will be maintained to provide the infrastructure base crucial to sustain economic growth. Emphasis will shift from large capital projects to small infrastructure projects. Approximately 15 percent of total disbursements will be allocated to infrastructure in the next six years.

A more efficient and financially sound government corporate sector will demand less budgetary support during the next six years. The net lending requirement is projected to decline from ₱14.4 billion in 1987 to ₱10.0 billion in 1992. A ₱4 billion annual equity infusion is necessary to enable government corporations to implement certain critical capital expenditures like the Metro-Manila Water Supply III. If this project is not started before the end of this decade, then a serious water shortage will likely occur in the mid 1990s.

[Figure 7 – FISCAL LEVELS FOR THE NEXT SIX YEARS
(In billion pesos)]

On a functional basis, an increasing share of the budget will continue to be channelled to social services, such that its share to total expenditures reaches 35 percent by the end of 1992 (Figure 8). Economic services will receive around 21 percent of total expenditures during the period, mainly to support basic utilities and infrastructure projects as well as to promote agriculture and rural-based employment-generating activities. Around 8 percent of total expenditures during the period will be channelled to defense as compared to the present 6.4 percent, while general public services shall comprise 9.8 percent compared to the 12.6 percent in 1987. The allocation for debt service and net lending is estimated to reach about 21 percent of total disbursements by 1992, down from the projected 38.6 percent in the coming year.

In conclusion, the 1987 budget was prepared as an integral part of the Medium-Term Development Plan (1987-1992) designed to rebuild the nation from the devastation left by the previous regime. The budget reduces, to the feasible minimum levels, all non-productive spending items and allocates funds to programs designed to alleviate poverty, create jobs, foster economic growth, and

provide basic public services. It provides for the rationalization of the size and operation of government corporations, the streamlining of the bureaucracy, and the setting up of effective expenditure controls. It incorporates the continuous reform of the revenue system which stresses improvements in collection efficiency and is anchored on the objectives of equity and the efficient use of capital in the economy.

The task of national reconstruction is enormous and will take several years because of the deep-seated and complex problems it addresses. The 1987 budget constitutes a major step in the right direction.

[Figure 8 – FUNCTIONAL DISTRIBUTION OF EXPENDITURES, 1987 and 1992]

GLOSSARY OF TERMS

Accounts Payable. Obligations incurred associated with the delivery of goods, the provision of services, or any other contractual obligations which have not been paid for before a budget year.

Advice of Allotment (AA). Issued by the Ministry of Budget and Management, this formal document contains the authorization, conditions, and amount of obligations that an agency can incur pursuant to a legislative appropriation.

Appropriation. A legislative authorization to incur expenditure obligations for specific purposes (e.g., functions and projects of the various agencies of the national government).

Appropriations, Annual. An authorization for incurring obligations only during a specified budget year. This is also called the "General Appropriations Act".

Borrowings. Generally refer to authorized and negotiated loans secured by the Philippine government from financial institutions and other sources, both internal and external, to finance development projects.

Budget. Refers to the estimated receipts and expenditures, which may either be on an obligation or cash basis.

Budget Deficit. The shortfall of revenues vis-a-vis disbursements excluding debt repayments and payments on nonbudgetary accounts.

Budgetary Support for Government Corporations. Represents national government assistance to government corporations in the form of equity, subsidy, and/or credit.

Capital Outlays or Capital Expenditures. Refer to the purchase of goods and services the benefits of which extend beyond the budget year and which add to the assets of the government. The said terms also include investments in the capital of government-owned or controlled corporations.

Capital Revenue. This pertains to the resources realized from the sale of fixed capital assets, like buildings, equipment, machines, land, and intangible assets.

Cash Disbursement Ceiling (CDC). The maximum authority for withdrawing cash from the Bureau of the Treasury either directly or through check issuance by an agency during a particular budget year to settle a government obligation.

Check Floats. The amount of checks unencashed as of a given date, usually the beginning or end of a calendar year.

Commitment Fee Rate. Rate specified in certain foreign project loan agreements and is multiplied with the unwithdrawn amount of the loan package to derive the commitment fees charged by certain foreign creditors which are included in the interest payment program.

Communal Irrigation. Construction of small and medium scale irrigation systems benefitting a community of farmers.

Compensating Tax. Tax imposed on the total value of imported commodities, goods, wares, or merchandise purchased or received by persons and intended for use and/or consumption by the importer.

Cost of Qualified Borrowings (CQB). The weighted average interest paid by the World Bank or ADB on certain liabilities.

Counterpart Fund. Refers to the amount from the general fund net of foreign project loan proceeds to finance peso-denominated expenditures attendant to the course of implementation of a foreign-assisted project.

Current Budget Cash Disbursements. Cash disbursements arising from the obligation program of the current budget year.

Current Operating Expenditures (COE). Refer to the purchase of goods and services for the conduct of normal government operations within a budget year.

Current Ratio. Refers to current assets divided by the current liabilities. This ratio is a measure of a corporation's ability to meet its current obligations.

Debt Amortization. An obligation budget concept which refers to the sum of debt repayments for loans with a multi-year debt service schedule and annual contributions to the sinking fund for debts paid only once upon maturity.

Debt Service. Refers to the payment of debt amortization and interest on foreign and domestic indebtedness of the national government.

Debt-to-Net Worth Ratio. The ratio of outstanding liabilities of a firm to the sum of paid-in capital and retained earnings.

Disbursements. Represent cash withdrawals from the Bureau of the Treasury or its cash balances with depository banks.

Domestically Funded Projects. Projects financed out of revenue collections and domestic borrowings.

Economic Support Fund. These are proceeds from the rental of US Bases in Olongapo City and Angeles City and their other facilities.

Energy Tax. This refers to the amount collected by the Manila Electric Company for the government on electrical consumption of residential consumers in excess of 650 kilowatt-hours per month as required by Batas Pambansa No. 36.

Equity. An amount granted to government-owned or -controlled corporations as national government subscription to the authorized capital stock of the said corporations.

Excise Taxes. In the Philippines, excise taxes may either be specific or ad valorem or both. These may be "specific taxes" amounting to a fixed sum per unit weight or volume capacity or any other physical unit of measurement of the product (e.g., ₱4.00/proof liter of alcohol) and/or they may be "ad valorem" which is a fixed percentage of the selling price or specified value of the product (e.g., 4% of wholesale or gross selling price of compounded liquor). Excise taxes apply to articles manufactured or produced in the country for domestic sales or consumption or for any other disposition and to selected imports. In case of importations, excise taxes shall be in addition to customs duties, if any.

Expected Generation of Accounts Payable. The amount of obligations incurred by government agencies during a budget year and which remains unpaid at the end of the year.

Expected Utilization of Cash Authorizations. Check issuance corresponding to a CDC or a funding warrant.

Expenditures Chargeable to Counterpart Fund. Expenditures on foreign-assisted project components requiring purchases of locally produced goods and services, not otherwise charged against peso-converted loan proceeds.

Expenditures Chargeable to Loan Proceeds in Cash. Expenditures on foreign-assisted project components requiring purchases of locally produced goods and services, charged against the peso-converted loan proceeds.

Expenditure Chargeable to Loan Proceeds in Kind. These are expenditures on foreign-assisted project components purchased from entities directly paid by creditors of the national government after its conduct of international bidding. These expenditures are generally in the form of equipment and consultancy services.

Expenditure Program. Refers to the ceiling on the obligation that could be incurred by the government in a given budget year. The said ceiling is supported by estimated financial resources.

Export Taxes. Ad valorem levies on goods that are shipped out of the Philippines' territorial jurisdiction.

Extraordinary Income. This pertains to collections derived from the repayment of loans and advances and other non-recurring investments of the government.

Fiduciary Fund. A government fund which has officially come into the possession of the government or of a government officer as trustee, agent, administrator or which has been received as a guarantee for the fulfillment of some obligations. Only the interest earnings of a principal fund deposited in an authorized government depository bank can be utilized.

Financing Requirement. Derived by subtracting capital expenditures from "internal cash generation" (ICG). This represents the funding gap in the financing of the capital expenditures of the corporations. This term is synonymous with "budget deficit" in the national government's cash budget. (This ICG or surplus on current operations of national government is revenues less current expenses.)

Fixed Taxes. This category includes fixed annual business taxes which are paid by anyone who is engaged in an employment that occupies time, attention, and labor for the purpose of a livelihood or profit; fixed taxes payable by manufacturers, producers or importers engaged in businesses subject to percentage taxes; graduated fixed taxes based on previous year's sales payable by those not subject to percentage tax; and miscellaneous fixed taxes payable by brewers, distillers of spirits, manufacturers and importers or exporters.

Foreign-Assisted Projects (FAPs). National government projects that are partly financed by foreign financial institutions.

Foreign-Assisted Projects Support Fund (FAPSF). A lump sum provision primarily for expenditures chargeable to the peso – counterpart and loan proceeds of new projects.

Foreign-Loan Assisted Projects. Refer to FAPs excluding foreign grants.

Franchise Taxes. Imposed on the special privilege or right conferred by the State on an individual or corporation, through the legislature, to exercise certain powers and privileges such as the power to operate public utilities.

Funding Warrant Scheme. A new disbursement scheme, started in July 1986, whereby treasury warrants are issued by the Ministry of Budget and Management to agencies. Upon presentation of said warrants to a government depository bank, it automatically credits such warrants to the demand deposit account of the agency involved and debits the Bureau of the Treasury's deposits.

General Fund. Cash and other resources of the government which are available for any purpose and which are not by law or contractual agreement designated to a specific purpose.

General Sales and Turnover Taxes. General sales tax is the percentage tax on the gross selling price imposed on the manufacturer, producer or importer of the goods on every original sale. Turnover tax is equivalent to one and a half percent of the gross selling price of the goods on every subsequent sale.

Government-Owned or -Controlled Corporation. A stock or a non-stock corporation, whether performing government or proprietary functions, which is directly chartered by special law or if organized under the general corporation law is owned or controlled by the government directly, or indirectly through a parent corporation or subsidiary corporation, to the extent of at least a majority of its outstanding capital stock or of its outstanding voting capital stock.

Grace Period. Period commencing from the time the loan agreement became effective to the time when the initial principal repayment becomes due and payable.

Grants. All non-repayable transfers received from other levels of government, private sector, or international institutions. Grants encompass reparations and gifts given for particular projects or programs, general budget support, or for any other purpose.

Gross Borrowing. Refers to any increase in liability which may be associated with an asset augmentation or reduction in another form of liability.

Gross National Product (GNP). A measure of the market value of the output of final goods and services produced by a national economy during a specific period of time, usually a year. Nominal GNP measures the value of output at the prices prevailing in the period the output is produced, while real GNP measures the output produced in any one period at the prices of some base year.

Guaranteed Obligations. Debts for which a juridical entity assumes secondary liability as guarantor. If the primary obligor fails to pay, the said entity becomes liable for the amount due.

Import Duties and Taxes. Include taxes and levies imposed on goods that enter the country, for the purpose of protecting locally manufactured goods of similar nature, or for the purpose of generating revenues that are based on the assessed value of the goods. Import taxes include specific taxes on imported goods, advance sales tax and compensating tax on imported goods.

Income from Public Enterprises and Investments. Include receipts paid to the government from all property and investment income such as dividends, interest, rent and royalties.

International Trade Taxes. Refer to the sum of import and customs duties, and other international trade-related tax collections of the national government.

Investment Outlays. Refer to national government contributions to loan and other funds administered by agencies or to the capital stock of corporations, which will be used by the agencies and the corporations for specific purposes.

Itemized Positions. Approved positions in the regular personnel plantilla of all agencies of the national government.

Land and Land Improvement Outlay. Includes the cost of acquiring land, and the permanent improvement to land such as filling, grading, curbing, draining, surveying, and others.

LIBOR. The London Interbank Offered Rate, which is the rate offered to prime borrowers in the international capital market based in London, and used as the base for most interest rate quotations.

Life and Retirement Insurance Premium Fund. The share of the national government in the premium payments to the Government Service Insurance System (GSIS) for the life insurance and retirement benefit fund of government employees.

Local Government Units' Share of National Revenues. This refers to that account called "Sharing of National Revenues" (under the National Assistance to Local Government Units) which was created by virtue of PD 144, as amended. Under this issuance, a portion of the total national government revenues will accrue to the local government. Furthermore, the local government's share in the specific tax of oil products forms part of the total allotment to LGUs by virtue of PD 436, as amended. This allotment will be used to supplement other local government funds, provided that at least 20 percent of such allotment received shall be devoted to development projects pursuant to PD 144, as amended.

Mining Taxes. Imposed on the privilege to explore, exploit, and develop mining resources. These include occupation fees, rentals, and royalties.

Miscellaneous Income. Includes all other nontax revenues not elsewhere classified such as proceeds from the sale of goods/confiscated merchandise, inventory adjustments, and waste materials.

Net Borrowings. Refer to the gross borrowings less repayment of principal.

Net Income (Loss). Refers to the difference between revenues an expenses, reflecting the results of operations for a given period. A positive balance indicates a net income while a negative balance, a net loss.

Net Lending. Primarily refers to advances by the national government to service government corporate loans all of which are automatically guaranteed by the national government by virtue of PD 1967.

New Appropriations. Refer to the General Appropriations Act.

Nonbudgetary Accounts. Include trust liabilities, securities unloaded/purchased, sinking fund, fiduciary fund, and others.

Nontax Revenues. Consist of payments in exchange for direct services rendered to the public, or those arising from the government's regulatory and investment activities.

Obligations. Legally incurred liabilities which are committed to be paid for by the government either immediately or in the future.

Operating and Miscellaneous Income. Includes operating and service income as well as miscellaneous income.

Operating and Service Income. Includes all types of nontax revenues generated in the exercise of the administrative and regulatory functions of the national government. Included are regulatory and non-industrial government services such as those provided by government ministries/agencies. The term refers to fees in government hospitals, tuition fees at government schools and admission fees to government museums, parks, etc.. This income also includes the revenue realized by various government agencies from their business undertakings called for by the nature of their functions, and those income generated by social security agencies in the form of premiums earned from life and non-life insurance.

Operating Revenues. Refers to receipts from the conduct of regular business operations such as sales.

Personnel Benefits Fund. A fund to provide for the government contribution to the Pag-IBIG and Medicare Funds and terminal leave benefits.

Personnel Services. Provisions for the payment of salaries, wages, and other compensation (e.g., merit/salary increases, cost-of-living allowances, honoraria, and commutable allowances) of permanent, temporary, contractual, and casual employees of the national government.

Program Loan. A multi-purpose foreign loan with conditionalities related to basic changes in economic, monetary, or fiscal policies, among others.

Project Cost. The total amount necessary to implement and complete a given project over a given period of time.

Project Loan. A foreign loan financing a specific project.

Projects. These refer to those special agency undertakings which are to be carried out within a definite time frame and which are intended to result to some pre-determined measure of goods and services.

Property Taxes or Taxes on Property. Taxes on the ownership of wealth or immovable properties levied at regular intervals and on the transfer of real or personal properties.

Receipts. Refer to the sum of revenues and gross borrowings for a given period.

Regular Maintenance and Other Operating Expenditures. Refer to expenditures to support the operations of government offices, such as those for supplies and materials, transportation, travel, utilities (water, power, etc.), repair and maintenance of buildings, equipment, and other facilities.

Repayment of Principal. A cash budget concept which refers to the sum of the first component of debt amortization defined earlier and actual releases out of the sinking fund for the eventual payment of debt.

Resources. In budgeting, a term frequently used to refer to revenues, gross borrowings, and "free" (i.e., withdrawable from the national government's depository banks) cash balances.

Revenue. A cash inflow which does not increase the liability of the government.

Selective Taxes on Services. This category includes taxes imposed on certain taxpayers engaged in providing services to the customers such as the miller's tax imposed on proprietors or operators of rope factories, coconut oil mills, cassava mills and dessicated coconut factories; the contractor's tax imposed on contractors, proprietors or operators of dockyards, general construction and the like; percentage tax on hotels, motels, restaurants, caterers and others; percentage tax on common carriers whether by air, land or water services and keepers of garages; taxes on stock, real estate, commercial, customs and immigration brokers or cinematographic film, owners, lessors or distributors; taxes on dealers of securities and lending investors. Also included are taxes imposed on gross receipts by all banks and financial institutions; taxes imposed on premiums received by insurance companies; and amusement taxes.

Shore Protection. The construction of water breakers, sea walls, and such infrastructures preventing shore erosion and damage.

Sinking Fund. A fund that is established for the purpose of repaying a debt with a lumpy maturity schedule (e.g., "bullet" or one-shot payment). Payments to the sinking fund are usually based on a fixed annual sum. Outstanding cash in the sinking fund are generally invested in safe securities until the debt reaches maturity. By this time, the cumulative

payments to the sinking fund and its interest earnings should match the amount of principal to be paid.

Special Accounts in the General Fund. Refer to the proceeds of specific revenue measures earmarked by law for specific priority projects.

Subsidy. In Philippine budgeting parlance, this term refers to an amount given to government-owned or -controlled corporations to partly or fully cover its operating losses.

Taxes on Domestic Goods and Services. Taxes imposed on the use or sale of locally manufactured goods as well as local services availed of within the domestic territory.

Taxes on Income and Profits. Refer to taxes imposed on the sum of all taxable income earned/received by a taxpayer whether an individual, partnership, or corporation during a particular period of time usually lasting one year.

Taxes on International Trade and Transactions. These are taxes and levies on import and export goods, except wharfage fees, imposed in accordance with tariff laws and regulations.

Taxes on the Use of Goods or Property or Permission to Perform Activities. Taxes paid upon the privilege of engaging in business or pursuing an occupation, calling or profession. These include franchise taxes, fixed annual business taxes, fixed taxes payable by manufacturers, producers or importers engaged in business subject to percentage taxes, and miscellaneous fixed taxes payable by brewers, distillers of spirits, manufacturers, importers, and exporters of cigars and cigarettes.

Tax Revenues. A monetary equivalent of the charge imposed by governmental authority on income, profits of business enterprises, on ownership/transfer of properties, on the use/sale of local and foreign goods and services and on other activities.

Terminal Leave Benefits. Refer to provisions for estimated claims of retiring government employees arising from the accumulated leave credits of such employees, as provided under the Retirement Law.

Transfer Taxes. Taxes imposed on property transfers through sale, donation, or inheritance.

Unprogrammed Appropriations. A standby legislative authorization to incur obligations in addition to the original expenditure program. This authorization may be used if the resource target corresponding to such expenditure program is exceeded in the course of budget execution.

References: Section A Revenues, Section B Borrowing Program and Outstanding Debt, Section C Reconciliation of the General Appropriations and the Obligation Budget, Section D Details of National Government Expenditures on an Obligation Basis, Section E Government Corporations and Section F Local Government Units

Source: **Department of Budget and Management**

Department of Budget and Management. (1987). *The 1987 budget of the Republic of the Philippines*. [Manila: Department of Budget and Management].

MALACAÑANG
MANILA

EXECUTIVE ORDER NO. 88

AMENDING SECTION 6 OF REPUBLIC ACT NO. 6632 ENTITLED "AN ACT GRANTING THE PHILIPPINE RACING CLUB, INC., A FRANCHISE TO OPERATE AND MAINTAIN A RACE TRACK FOR HORSE RACING IN THE PROVINCE OF RIZAL" AND FOR OTHER PURPOSES

WHEREAS, pursuant to the Charter of the Philippine Racing Club, Inc., receipts from betting corresponding to the fractions of less than ten (10) centavos, commonly known as "breakage" shall be eliminated from the dividends paid to the winning tickets and allocated to certain named beneficiaries;

WHEREAS, the Philippine Racing Commission needs additional funding for its operations and activities in connection with horse racing, as well as the horse-breeding activities of its national stud farm;

NOW, THEREFORE, I, CORAZON C. AQUINO, President of the Republic of the Philippines, do hereby order:

SECTION 1. The last sentence of Section 6 of Republic Act No. 6632 on the destribution of "breakage" is hereby amended to read as follows:

> "Sec. 6. x x x. The receipts from betting corresponding to the fractions of less than ten (10) centavos eliminated from the dividends paid to the winning tickets, commonly known as breakage, shall be set aside as follows: twenty-five per centum (25%) for the benefit of the Philippine Racing Commission subject to the condition that the funds shall be used exclusively for the payment of additional prizes for races sponsored by the Philippine Racing Commission and for necessary capital outlays and other expenses relative to horse-breeding activities of the National Stud Farm which is now under the Philippine Racing Commission; twenty-five per centum (25%) for the charitable institutions within the Municipality of Makati; and fifty per centum (50%) for the rehabilitation of drug addicts, as provided in Republic Act Numbered Six thousand four hundred twenty-five".

SECTION 2. All the cash balances and accumulated amounts corresponding to the share of the Philippine Amateur Athletic Federation/Ministry of Youth and Sports Development, pursuant to Section 6 of Republic Act No. 6632, not remitted by the Philippine Racing Club, Inc., are hereby transferred to the Philippine Racing Commission to be constituted into a TRUST FUND to be used exclusively for the payment of additional prizes for races sponsored by the Commission and for necessary capital outlays and other expenses relative to horse-breeding activities of the national stud farm.

SECTION 3. All laws, orders, issuances, rules and regulations or parts thereof inconsistent with this executive order are hereby repealed or modified accordingly.

SECTION 4. This Executive Order shall take effect immediately.

Done in the City of Manila, this 16th day of December, in the year of Our Lord, nineteen hundred and eighty-six.

(Sgd.) **CORAZON C. AQUINO**

By the President:
(Sgd.) **JOKER P. ARROYO**
Executive Secretary

Source: **Presidential Management Staff**

Office of the President of the Philippines. (1986). *[Executive Order Nos.: 1 - 170]*. Manila: Presidential Management Staff.

MALACAÑANG
MANILA

EXECUTIVE ORDER NO. 89
AMENDING SECTION 4 OF REPUBLIC ACT NO. 6631 ENTITLED "AN ACT GRANTING MANILA JOCKEY CLUB, INC. A FRANCHISE TO CONSTRUCT, OPERATE AND MAINTAIN A RACE TRACK FOR HORSE RACING IN THE CITY OF MANILA OR IN THE PROVINCE OF BULACAN" AND FOR OTHER PURPOSES

WHEREAS, pursuant to the Charter of the Manila Jockey Club, Inc., receipts from betting corresponding to the fractions of less than ten (10) centavos, commonly known as "breakage", shall be eliminated from the dividends paid to the winning tickets and allocated to certain named beneficiaries;

WHEREAS, the Philippine Racing Commission needs additional funding for its operations and activities in connection with horse racing, as well as the horse-breeding activities of its National Stud Farm;

NOW, THEREFORE, I, CORAZON C. AQUINO, President of the Republic of the Philippines, do hereby order:

SECTION 1. The last sentence of section 4 of Republic Act No. 6631 on the distribution of "breakage" is hereby amended to read as follows:

> "Sec. 4. x x x . The receipts from betting corresponding to the fractions of ten (10) centavos eliminated from the dividends paid to the winning tickets, commonly known as the breakage, shall be set aside as follows: twenty-five per centum (25%) to the provincial or city hospitals where the race track is located, twenty-five per centum (25%) for the rehabilitation of drug addicts as provided in Republic Act Numbered Sixty-four hundred and twenty-five, as amended, and fifty per centum (50%) for the benefit of the Philippine Racing Commission, subject to the condition that the funds shall be used exclusively for the payment of additional prizes for races sponsored by the Philippine Racing Commission and for the necessary capital outlays and other expenses relative to horse-breeding activities of the National Stud Farm which is now under the Philippine Racing Commission."

SECTION 2. Any provision of law to the contrary notwithstanding, all cash balances and accumulated amounts corresponding to the share of the Philippine Amateur Athletic Federation/ Ministry of Youth and Sports Development, pursuant to Republic Act No. 6631, not remitted by the Manila Jockey Club, Inc., are hereby transferred to the Philippine Racing Commission to be constituted into a TRUST FUND to be used exclusively for the payment of additional prizes for races sponsored by the Philippine Racing Commission and for the necessary capital outlays and other expenses relative to horse-breeding activities of the National Stud Farm.

SECTION 3. All laws, orders, issuances, rules and regulations or parts thereof inconsistent with this Executive Order are hereby repealed or modified accordingly.

SECTION 4. This Executive Order shall take effect immediately.

Manila, December 16, 1986.

(Sgd.) **CORAZON C. AQUINO**

By the President:
(Sgd.) **JOKER P. ARROYO**
Executive Secretary

Source: **Presidential Management Staff**

Office of the President of the Philippines. (1986). *[Executive Order Nos.: 1 - 170]*. Manila: Presidential Management Staff.

MALACAÑANG
MANILA

EXECUTIVE ORDER NO. 90
IDENTIFYING THE GOVERNMENT AGENCIES ESSENTIAL FOR THE NATIONAL SHELTER PROGRAM AND DEFINING THEIR MANDATES, CREATING THE HOUSING AND URBAN DEVELOPMENT COORDINATING COUNCIL, RATIONALIZING FUNDING SOURCES AND LENDING MECHANISMS FOR HOME MORTAGES AND FOR OTHER PURPOSES

WHEREAS, Government recognizes that shelter is a basic need for which low and middle income families, particularly in urbanized areas, require assistance;

WHEREAS, Government has approved a six-year National Shelter Program which aims at providing increased levels of such assistance on a nation-wide basis;

WHEREAS, there is a need to define the mandates of government agencies involved in housing and to better coordinate and monitor their activities;

WHEREAS, there is also a need to establish a system that will provide the funds required for long-term housing loans on continuous, self-sustaining basis;

WHEREAS, there is likewise a need to encourage private sector particpation in low-cost housing and finance;

NOW, THEREFORE, I, CORAZON C. AQUINO, President of the Philippines, do hereby order:

Title I – HOUSING AGENCIES AND MANDATES

SECTION 1. Key Agencies. To ensure the accomplishment of the National Shelter Program, the following primary government housing agencies, any provision of existing laws and their respective charters to the contrary notwithstanding, are hereby mandated to:

a) National Housing Authority – The National Housing Authority shall be the sole government agency engaged in direct shelter production. It shall focus its efforts in providing housing assistance to the lowest 30% of urban income-earners through slum upgrading, squatter relocation, development of sites and services and construction of core-housing units. In addition, it shall undertake programs for the improvement of blighted urban areas and provide technical assistance for private developers undertaking low-cost housing projects. Development of its existing properties for housing projects for income-earners above the lowest 30% may be continued provided that funds generated thereon are utilized for the attainment of its primary mandate.
b) National Home Mortgage Finance Corporation – The National Home Mortgage Finance Corporation shall be the major government home mortgage institution. Its initial main function is to operate a viable home mortgage market, utilizing long-term funds principally provided by the Social Security System, the Government Service Insurance System and the Home Development Mutual Fund to purchase mortgages originated by both private and public institutions that are within government-approved guidelines. It is also charged with the development of a system that will attract private institutional funds into long-term housing mortgages.

c) Human Settlements Regulatory Commission – The Human Settlements Regulatory Commission, renamed as the Housing and Land Use Regulatory Board, shall be the sole regulatory body for housing and land development. It is charged with encouraging greater private sector participation in low-cost housing through liberalization of development standards, simplification of regulations and decentralization of approvals for permits and licenses.
d) Home Financing Corporation – The Home Financing Corporation, renamed as the Home Insurance and Guaranty Corporation, shall assist private developers to undertake low and middle income mass housing production and encourage private institutional funds and commercial lenders to finance such housing development and long-term mortgages through a viable system of guarantees, loan insurance and other incentives.

SECTION 2. Support Agencies. To ensure that the funds required for long-term housing loans are available on a continuous and self-sustaining basis, the following support agencies, any provision of existing laws and their respective charters to the contrary notwithstanding, are hereby mandated to:

a) Home Development Mutual Fund – The Home Development Mutual Fund will continue to administer provident fund contributions collected from member employees and employers, utilizing funds not required for provident benefits for housing loans for members, and, in addition, will be charged with the development of saving schemes for home acquisition by private and government employees.
b) Social Security System – The Social Security System shall be the primary provider of funds for long-term housing mortgages for low and middle-income private sector employees.
c) Government Service Insurance System – The Government Service Insurance System shall be the primary provider of funds for long-term housing mortgages for low and middle-income government employees.

Title II – THE HOUSING AND URBAN DEVELOPMENT COORDINATING COUNCIL

SECTION 3. Creation; Main Function; Principal Office. There is hereby created a Housing and Urban Development Coordinating Council, hereinafter referred to as the Council, under the immediate control and supervision of the President of the Philipppines, charged with the main function of coordinating the activities of the government housing agencies to ensure the accomplishment of the National Shelter Program. The Council shall have its principal office in Metropolitan Manila.

SECTION 4. Composition. The Council shall be composed of the following:

a. A Chairman, who shall be appointed by the President of the Philippines;
b. The Heads of the primary government agencies and the support agencies for funding for housing enumerated above;
c. One representative each from the National Economic and Development Authority, the Ministry of Finance, the Ministry of Budget and Management, the Ministry Public Works and Highways and the Development Bank of the Philippines; and
d. Two representatives from the private sector to be selected by the Council.

SECTION 5. Powers and Functions of the Council. The Council shall have the following powers and functions:

a. To formulate national objectives for housing and urban development and to design broad strategies for the accomplishment of these objectives;
b. To determine the participation and coordinate the activities of the key government housing agencies in the national housing program;
c. To monitor, review and evaluate the effective exercise by these agencies of their assigned functions;
d. To assist in the maximum participation of the private sector in all aspects of housing and urban development;
e. To recommend new legislation and amendments to existing laws as may be necessary for the attainment of government's objectives in housing;
f. To formulate the basic policies, guidelines and implementing mechanisms for the disposal or development of acquired or existing assets of the key housing agencies which are not required for the accomplishment of their basic mandates;
g. To exercise or perform such other powers and functions as may be deemed necessary, proper or incidental to the attainment of its purpose and objectives.

SECTION 6. Powers and Functions of the Chairman. The Chairman of the Council shall serve as ex officio Chairman of the governing Boards of the key housing agencies. To assist him in the fulfillment of his duties, the Chairman is hereby authorized to create a Council Secretariat with a staff of qualified personnel.

SECTION 7. Council Secretariat. The Secretariat shall be headed by a Secretary-General to be appointed by the Chairman of the Council. The Secretary-General shall be an ex officio member of the Council and shall be responsible for the execution and administration of its approved policies and measures.

SECTION 8. Appropriations. To cover initially the expenses of the Council and the Secretariat, the unappropriated funds of the Ministry of Human Settlements for the Shelter Secretariat shall be utilized together with proportionate contributions of the key government housing agencies which is set at TEN MILLION PESOS (₱10,000,000.00). Thereafter, the necessary funds shall be appropriated every Fiscal Year in the General Appropriations Act.

Title III – RATIONALIZING THE FUNDING SOURCES AND LENDING MECHANISMS FOR HOME MORTGAGES

SECTION 9. Funding Sources. To enable the Social Security System, the Government Service Insurance System and the Home Development Mutual Fund to provide improved benefits to their members and to generate the necessary long-term funds for housing, a rationalization of all employer and employee contributions for all social insurance and provident fund benefits is hereby directed to include the following:

a. Raising the Social Security System maximum compensation, inclusive of the Cost of Living Allowance, as basis for contributions from ₱1,000.00 to ₱3,000.00;
b. Making contributions to the Home Development Mutual Fund voluntary on the parts of both employees and employers;
c. Instituting a single mandatory contribution rate for employees and employers for all social insurance programs.

SECTION 10. Home Development Mutual Fund as Voluntary Fund. In the implementation of the above rationalization program, the following shall govern the operations of the Home Development Mutual Fund:

a. All existing contributions together with their accumulated earnings shall be retained in the Home Development Mutual Fund until their maturity in accordance with existing rules and regulations.
b. Membership in the fund for new private and government employees and their respective employers shall be voluntary after December 31, 1986.
c. After December 31, 1986, existing members, both employees and employers, shall have the option to continue or discontinue new Fund contributions.
d. To encourage provident fund savings for home acquisition, all government instrumentalities, agencies and corporations shall match the voluntary contributions made by government employees in accordance with existing ratios. Private employers are urged to match the contributions of their employees who opt to continue their membership in the Fund.

SECTION 11. Implementing Rules. The Presidential Commission on Government Reorganization (PCGR) is hereby instructed to draft implementing rules for the rationalization of the Home Mortgage Financing System and for the new Home Development Mutual Fund guidelines to take effect on January 1, 1987. The National Economic and Development Authority is hereby instructed to coordinate the drafting of the implementing rules for the rationalization of all social insurance programs to take effect not later than March 31, 1987.

SECTION 12. Home Mortgage Financing System. Complementary to the rationalization of the Funding Sources as above provided, an integrated home mortgage financing system is hereby adopted with the following features:

a. Lending Guidelines – Amounts financed, interest rates, and terms on home mortgages to be purchased by the National Home Mortgage Finance Corporation shall be determined by the Council on recommendation by its technical staff which shall include representatives of the funding support institutions.
b. Allocation of Fund Contributions – For 1987, the total amount to be made available for long-term mortgages under the National Shelter Program will be ₱4.2 Billion. The Social Security System, the Government Service Insurance System and the Home Development Mutual Fund will contribute a total of ₱3.4 Billion, to be allocated by the National Economic and Development Authority among the agencies in an equitable manner. The National Government shall contribute the balance of funds required. Thereafter, each institution, on recommendation of the Council, shall set a fixed percentage of their annual investible funds for long-term home mortgages. These funds shall be made available to the National Home Mortgage Finance Corporation under terms which ensure their repayment.
c. Lending Rates Chargeable to the National Home Mortgage Finance Corporation – Funds shall be used by the National Home Mortgage Finance Corporation principally to extend mortgage loans for the members of the funding agencies. For this, the agencies will charge the National Home Mortgage Finance Corporation annual interest equivalent to the average interest rate charged to members under terms approved by the Council less a reasonable spread to cover the National Home Mortgage Finance Corporation's administration costs as well as adequate provisions for loan losses. The funding agencies may also make direct loans to or purchase

securities from the National Home Mortgage Finance Corporation. In this event, interest rates and terms shall be as agreed between the National Home Mortgage Finance Corporation and the funding institution.

SECTION 13. Interim Arrangements. A phasing-in process for the implementation of the Home Mortgage Financing System as above provided shall be determined and implemented by the Council over a period not to exceed six months. In the interim, the Social Security System, the Government Service Insurance System and the Home Development Mutual Fund shall continue with their home mortgage lending activities provided that the beneficiaries, lending packages, rates, terms and procedures shall be made uniform and in accord with the National Shelter Program not later than December 31, 1986. Such loans shall be considered as partial compliance with each agency's funding commitments for the year.

Title IV – OTHER PROVISIONS

SECTION 14. Special Provisions. To further assist the housing agencies in the fulfillment of their primary objectives, the following are directed to be undertaken:

a. The Metropolitan Waterworks and Sewerage System, within its area of jurisdiction, shall immediately take over water and sewerage systems completed by the National Housing Authority;
b. The direct housing development activities of the Human Settlements Development Corporation's housing and construction materials subsidiaries as well as of the Land Investment Trust administered by the Home Financing Corporation shall be phased out within a period of three (3) years from the effectivity of this Executive Order. All concerned agencies shall, not later than March 31, 1987, submit to the Council their respective phasing-out programs. Whatever net proceeds realized therefrom shall be turned over to the National Government.
c. The Social Security System and the Government Service Insurance System shall be allowed to engage in bridge development financing of low and middle income mass housing projects;
d. The National Home Mortgage Finance Corporation shall be recapitalized so that its unimpaired capital after realisitic provisions for losses amounts to ₱500 million.
e. The Home Financing Corporation shall be recapitalized to enable it to fulfill its objectives.

SECTION 15. Separability. The provisions of this Executive Order are declared to be separable and if any provision or the application thereof is held invalid or unconstitutional, the validity of other provisions shall not be affected,

SECTION 16. Repealing Clause. All laws, orders, issuances, corporate charters, rules and regulations or parts thereof inconsistent with this Executive Order are hereby repealed or modified accordingly.

SECTION 17. Effectivity. This Executive Order shall take effect immediately.

Done in the City of Manila, this 17th day of December, in the year of Our Lord, nineteen hundred and eighty-six.

(Sgd.) **CORAZON C. AQUINO**

By the President:
(Sgd.) **JOKER P. ARROYO**
Executive Secretary

Source: **Presidential Management Staff**

Office of the President of the Philippines. (1986). *[Executive Order Nos.: 1 - 170]*. Manila: Presidential Management Staff.

MALACAÑANG
MANILA

EXECUTIVE ORDER NO. 91

AMENDING ARTICLES 27, 28, 29, 31, 33 AND 35 OF PRESIDENTIAL DECREE NO. 603, OTHERWISE KNOWN AS THE "CHILD AND YOUTH WELFARE CODE"

WHEREAS, it is imperative that appropriate safeguards be instituted to protect Filipino children who are put up for adoption;

NOW, THEREFORE, I, CORAZON C. AQUINO, President of the Philippines, do hereby order:

SECTION 1. Articles 27, 28, 29, 31, 33 and 35 of the Presidential Decree No. 603, otherwise known as the "Child and Youth Welfare Code" are hereby amended to read as follows:

"ART. 27. Who May Adopt. – Any person of age and in full possession of his civil rights may adopt: Provided, That he is in a position to support and care for his legitimate, legitimated or acknowledged natural children, or natural children by legal fiction or other illegitimate children, in keeping with the means, both material and otherwise, of the family.

"An alien not permanently residing in the Philippines who seeks to adopt within the country must reside in the—Philippines for at least one year immediately preceding the filing of the petition for adoption, must reside in the Philippines for the duration of the trial custody period required in this Chapter, and must comply with such rules and regulations that have been or may be issued by the Council for the Welfare of Children. However, the residence and trial custody period requirements under this paragraph may be reduced or dispensed with in the discretion of the court if the applicant/applicants and the child are related by blood or affinity.

"In all cases of adoption, the adopter must be at least fifteen years older than the person to be adopted."

"ART. 28. Who May Not Adopt. The following persons may not adopt:

(1) A married person without the written consent of the spouse;

(2) The guardian with respect to the ward prior to the final approval of his accounts;

(3) Any person who has been convicted of a crime involving moral turpitude;

(4) An alien who is disqualified to adopt according to the laws of his own country or one with whose government the Republic of the Philippines has broken diplomatic relations;

(5) An alien whose government or place of residence abroad has no agency that can provide competent professional evaluation (homestudy) of the adoptive family and post-placement services to the child and the family."

"ART. 29. Adoption by Husband and Wife. – Husband and Wife may jointly adopt. In such case, parental authority shall be exercised as if the child were their own by nature.

"If one of the spouses is an alien, both husband and wife shall jointly adopt. Otherwise, the adoption shall not be allowed."

"ART. 31. Whose Consent is Necessary. – The written consent of the following to the adoption shall be necessary:

(1) The person to be adopted, if fourteen years of age or over;

(2) The natural parents of the child or his legal guardian after receiving counselling and appropriate social services from the Ministry of Social Services and Development or from a duly licensed child-placement agency;

(3) The Ministry of Social Services and Development or any duly licensed child-placement agency under whose care and legal custody the child may be;

(4) The natural children, fourteen years and above, of the adopting parents."

"ART. 33. Case Study. – No petition for adoption shall be granted unless the Ministry of Social Services and Development has made a case study of the child to be adopted, his natural parents as well as the prospective adopting parents, and has submitted its report and recommendations on the matter to the court hearing such petition. The Ministry of Social Services and Development shall intervene on behalf of the child if it finds, after such case study, that the petition should be denied."

"ART. 35. Trial Custody. – No petition for adoption shall be finally granted unless and until the adopting parents are given by the court a supervised trial custody period of at least six months to assess their adjustment and emotional readiness for the legal union. during the period of trial custody, parental authority shall be vested in the adopting parents.

"The court may, upon its own motion or on motion of the petitioner, reduce or dispense with the trial custody period if it finds that it is to the best interest of the child. in such case, the court shall state its reasons for reducing or dispensing with the said period.

"An alien not permanently residing in the Philippines adopting a Filipino child shall complete the supervised trial custody period to ensure the child's adjustment to a new family life and culture, save in those cases provided for in Article 27 hereof."

SEC. 3. All laws, orders, issuances, rules and regulations or parts thereof inconsistent with this Executive Order are hereby repealed or modified accordingly.

4. This Executive Order shall take effect immediately.

Done in the City of Manila, this 17th day of December, in the year of Our Lord, nineteen hundred and eighty-six.

(Sgd.) **CORAZON C. AQUINO**

By the President
(Sgd.) **JOKER P. ARROYO**
Executive Secretary

Source: **Presidential Management Staff**

Office of the President of the Philippines. (1986). *[Executive Order Nos.: 1 - 170]*. Manila: Presidential Management Staff.

OFFICE OF THE PRESIDENT
OF THE PHILIPPINES
MALACAÑANG

EXECUTIVE ORDER NO. 92
EXPANDING THE SCOPE OF RESPONSIBILITY, AUTHORITY AND ACCOUNTABILITY OF THE OFFICE OF THE PRESS SECRETARY

WHEREAS, there exists a need to create awareness and inform the public about the actions of government and the national leadership in its task of rebuilding a strong and dynamic nation;

WHEREAS, the national leadership, which has committed itself to the ideals of press freedom, has seen fit not to abdicate its share of voice in the formulation of public opinion;

WHEREAS, it is incumbent upon the national leadership to provide true and correct information to the public;

WHEREAS, it is necessary for the government to utilize and consolidate as much of its information resources as possible to ensure an effective and efficient information role;

WHEREAS, the Office of the Press Secretary was precisely created to ensure that the government's point of view is communicated to the public especially on issues affecting the nation's welfare;

NOW, THEREFORE, I, CORAZON C. AQUINO, President of the Republic of the Philippines, by virtue of the powers vested in me, by the Fundamental Law of the Land, do hereby order and direct:

SECTION 1. The expansion of the scope of responsibility, authority and accountability of the Office of the Press Secretary, incorporating and absorbing under its control and supervision the following government information arms:

1.1 The Bureau of National and Foreign Information and all its subsidiary offices. (International Press Center, Philippine New Agency and its national and foreign information offices)
1.2 Radio and Television - Malacañang
1.3 Presidential Press Staff and sub-offices under it.
1.4 People's Television 4 (formerly Maharlika Broadcasting System) and its affiliate stations
1.5 The Bureau of Broadcasts and all radio stations under its control and supervision
1.6 Radyo ng Bayan (formerly the Voice of the Philippines) and all radio stations under it

SECTION 2. Functions. The expanded OPS shall perform the following functions:

2.1 Provide information to the public utilizing all government media services under its control;
2.2 Coordinate the functions of above listed offices for the purpose of providing government with its "share of voice" in the free mass media environment;
2.3 Administer the functions and support services needed to fulfill its responsibilities;
2.4 Develop, propose and implement the necessary policy guidelines and mechanisms pertinent to its main functions of speaking on behalf of the government and the national leadership;
2.5 Rationalize a viable and manageable government-owned information structure that will provide the government with instantaneous access to the people;

2.6 Develop and manage a feedback mechanism that shall provide the people a venue to contribute to the creation of policies affecting them;
2.7 Organize and maintain field offices where necessary, domestically and internationally, to ensure that government information reaches the intended target audiences.

SECTION 3. This Executive Order formally transfers control of above listed government information arms to the authority and control of the Office of the Press Secretary. All appropriations, equipment and personnel under them are hereby transferred to the Office of the Press Secretary.

The Office of the Press Secretary is hereby given authority and responsibility to restructure above listed offices as it sees fit inorder to effectively and efficiently carry out its task of providing information to the public.

SECTION 4. Repealing Clause. All laws, Executive Orders, proclamations, rules and regulations or parts thereof which are inconsistent herewith are hereby repealed or modified accordingly.

SECTION 5. The Office of the Press Secretary as amended, is hereby declared a critical agency. As such, the Compensation Plan for the Office of the President (Proper) authorized under E. O. No. 530 dated March 31, 1979 shall apply to certain positions in the Office of the Press Secretary effective December 1, 1986.

The Ministry of Budget and Management is directed to implement this Order.

SECTION 6. Effectivity. This Order shall take effect immediately.

Done in the City of Manila, this 17th day of December, in the year of our Lord, Nineteen Hundred and Eighty Six.

(SGD.) **CORAZON C. AQUINO**
President of the Philippines

Attest:
(Sgd.) **JOKER P. ARROYO**
Executive Secretary

Source: **Presidential Management Staff**

Office of the President of the Philippines. (1986). *[Executive Order Nos.: 1 - 170]*. Manila: Presidential Management Staff.

MALACAÑANG
MANILA

EXECUTIVE ORDER NO. 93
WITHDRAWING ALL TAX AND DUTY INCENTIVES, SUBJECT TO CERTAIN EXCEPTIONS, EXPANDING THE POWERS OF THE FISCAL INCENTIVES REVIEW BOARD AND FOR OTHER PURPOSES

WHEREAS, Presidential Decree Nos. 1931 and 1955 issued on June 11, 1984 and October 14, 1984, respectively, withdrew the tax and duty exemption privileges, including the preferential tax treatment, of government and private entities with certain exceptions, in order that the requirements of national economic development, in terms of fiscal and other resources, may be met more adequately;

WHEREAS, both issuances provided for a review by the Fiscal Incentives Review Board (FIRB) of petitions initiated by affected entities for restoration of withdrawn tax and duty exemption privileges either on a total or partial basis;

WHEREAS, a number of affected entities, government and private were able to get back their tax and duty exemption privileges through the review mechanism implemented by the Fiscal Incentives Review Board (FIRB);

WHEREAS, in addition to those whose tax and duty exemption privileges were restored by the Fiscal Incentives Review Board (FIRB), a number of affected entities, government and private, had their tax and duty exemption privileges restored or granted by Presidential action without benefit of review by the Fiscal Incentives Review Board (FIRB);

WHEREAS, the continued enjoyment of these tax and duty exemption privileges has resulted in serious tax base erosion and considerable distortions in the tax treatment of similarly situated entities;

WHEREAS, these privileges have become convenient opportunities for tax manipulation or avoidance, especially in case of interrelated entities;

WHEREAS, the availability of such privileges makes more difficult the attainment of the overall program for national economic development, considering government's fiscal exigencies;

WHEREAS, private entities whose tax and duty exemption privileges are to be withdrawn may still remain competitive by improving on their operational capacity and competence, rather than by relying on fiscal incentives which create distortions in the overall pricing and market systems;

WHEREAS, assistance to government and private entities may be better provided where necessary by explicit subsidy and budgetary support rather than tax and duty exemption privileges if only to improve the fiscal monitoring aspects of government operations;

NOW, THEREFORE, I, CORAZON C. AQUINO, President of the Philippines, do hereby order:

SECTION 1. The provisions of any general or special law to the contrary notwithstanding, all tax and duty incentives granted to government and private entities are hereby withdrawn, except:

a) those covered by the non-impairment clause of the Constitution;
b) those conferred by effective international agreements to which the Government of the Republic of the Philippines is a signatory;
c) those enjoyed by enterprises registered with:

(i) the Board of Investments pursuant to Presidential Decree No. 1789, as amended;
(ii) the Export Processing Zone Authority, pursuant to Presidential Decree No. 66, as amended;
(iii) the Philippine Veterans Investment Development Corporation Industrial Authority pursuant to Presidential Decree No. 538, as amended;

d) those enjoyed by the copper mining industry pursuant to the provisions of Letter of Instruction No. 1416;
e) those conferred under the four basic codes namely:

the Tariff and Customs Code, as amended;
the National Internal Revenue Code, as amended;
(iii) the Local Tax Code, as amended;
the Real Property Tax Code, as amended;

f) those approved by the President upon the recommendation of the Fiscal Incentives Review Board.

SECTION 2. The Fiscal Incentives Review Board created under Presidential Decree No. 776, as amended, is hereby authorized to:

a) restore tax and/or duty exemptions withdrawn hereunder in whole or in part;
b) revise the scope and coverage of tax and/or duty exemption that may be restored;
c) impose conditions for the restoration of tax and/or duty exemption;
d) prescribe the date or period of effectivity of the restoration of tax and/or duty exemption;
e) formulate and submit to the President for approval, a complete system for the grant of subsidies to deserving beneficiaries, in lieu of or in combination with the restoration of tax and duty exemptions or preferential treatment in taxation, indicating the source of funding therefor, eligible beneficiaries and the terms and conditions for the grant thereof taking into consideration the international commitments of the Philippines and the necessary precautions such that the grant of subsidies does not become the basis for countervailing action.

SECTION 3. In the discharge of its authority hereunder, the Fiscal Incentives Review Board shall take into account any or all of the following considerations:

the effect on relative price levels;
relative contribution of the beneficiary to the revenue generation effort;
c) nature of the activity the beneficiary is engaged; and
d) in general, the greater national interest to be served.

SECTION 4. The Ministry of Finance shall promulgate the necessary rules and regulations and shall establish and maintain a Secretariat for the Fiscal Incentives Review Board to effectively implement the provisions of this Executive Order.

SECTION 5. All laws, orders, issuances, rules and regulations or parts thereof inconsistent with this Executive Order are hereby repealed or modified accordingly.

SECTION 6. This Executive Order shall take effect upon the promulgation of the rules and regulations stated in Section 4.

Done in the City of Manila, this 17th day of December, in the year of Our Lord, nineteen hundred and eighty-six.

(Sgd.) **CORAZON C. AQUINO**

By the President:
(Sgd.) **JOKER P. ARROYO**
Executive Secretary

Source: **Presidential Management Staff**

Office of the President of the Philippines. (1986). *[Executive Order Nos.: 1 - 170]*. Manila: Presidential Management Staff.

MALACAÑANG
MANILA

EXECUTIVE ORDER NO. 94
AMENDING CERTAIN PROVISIONS OF THE OMNIBUS ELECTION CODE OF THE PHILIPPINES FOR PURPOSES OF THE FEBRUARY 2, 1987 PLEBISCITE AND FOR OTHER PURPOSES

WHEREAS, while Section 5, Executive Order No. 50, promulgated on October 20, 1986, abolished political party representation in the Board of Election Inspectors, there are other provisions of the Omnibus Election Code of the Philippines which require representation of the ruling party and the dominant opposition party in the Boards of Canvassers (Section 221) as well as in certain pre-plebiscite activities (Sections 182, 186, 187, 189, 214, 229 and 230), which should be amended consistent with said Section 5, Executive Order No. 50;

WHEREAS, in the interest of free, orderly and honest conduct of the plebiscite, there is an immediate necessity to amend Section 52, paragraph (c) of the Omnibus Election Code of the Philippines so as to empower the Commission on Elections to promulgate expeditiously rules and regulations for the plebiscite on February 2, 1987, considering time element involved;

NOW, THEREFORE, I, CORAZON C. AQUINO, President of the Philippines, do hereby order:

SECTION 1. Plebiscite Board of Canvassers. – There shall be a Board of Canvassers for each province, city and district of Metropolitan Manila as follows:

The Provincial Board of Canvassers shall be composed of: (a) the Provincial Election Supervisor, as Chairman; (b) the Provincial Fiscal, as vice-chairman; and (c) the Provincial Superintendent of Schools, as member.

The City Board of Canvassers shall be composed of: (a) the Election Registrar who shall be a lawyer, or a lawyer of the Commission, as chairman; (b) the City Fiscal, as member; and (c) the City Superintendent of Schools, as member.

The District Board of Canvassers for the municipalities in Metropolitan Manila shall be composed of: (a) a lawyer to be designated by the Commission, as chairman; (b) a ranking fiscal from any of the thirteen municipalities, as member; and (c) the most senior district school supervisor in any of the said municipalities, as member. The members shall be appointed by the Commission on Elections upon consultation with the Ministry of Justice and the Ministry of Education, Culture and Sports, respectively.

The accredited and registered major political parties shall similarly have no representation in all other boards, committees or similar bodies or in any pre-plebiscite activity in Sections 182, 186, 187, 189, 214, 229 and 230 of the Omnibus Election Code of the Philippines.

SEC. 2. Voting privilege of members of Board of Election Inspectors. – The members of the Board of Election Inspectors may register and vote in the precincts of their assignments provided they are residents and registered voters of the same city or municipality.

SEC. 3. Prohibition on barangay officials. – No barangay official shall be appointed as member of the Board of Election Inspectors or as official watcher of each major duly registered political party or any socio-civic, religious, professional or any similar organization of which they may be members

SEC. 4. Effectivity of rules and regulations promulgated by the Commission on Elections. – The Commission on Elections shall promulgate the necessary rules and regulations to implement this Executive Order and the pertinent provisions of the Omnibus Election Code of the Philippines. For this purpose, the pertinent provisions of Section 52, paragraph (c) of the Omnibus Election Code of the Philippines are hereby amended to read as follows:

> "Rules and regulations promulgated by the Commission shall take effect after three (3) days following the publication thereof in at least two (2) daily newspapers of general circulation."

SEC. 5. Repealing Clause. – All laws, orders, issuances, rules and regulations or parts thereof inconsistent with this Executive Order are hereby repealed or modified accordingly.

SEC. 6. Effectivity. – This Executive Order shall take effect immediately.

Done in the City of Manila, this 17th day of December, in the year of Our Lord, nineteen hundred and eighty-six.

(Sgd.) **CORAZON C. AQUINO**

By the President:
(Sgd.) **JOKER P. ARROYO**
Executive Secretary

Source: **Presidential Management Staff**

Office of the President of the Philippines. (1986). *[Executive Order Nos.: 1 - 170]*. Manila: Presidential Management Staff.

MALACAÑANG
MANILA

EXECUTIVE ORDER NO. 95
FURTHER AMENDING EXECUTIVE ORDER NO. 41, AS AMENDED

WHEREAS, with the expanded scope of the tax amnesty under Executive Order No. 64, the Government has received numerous requests from various sectors of society for further extension of the period within which to avail themselves of the benefits under the expanded tax amnesty;

WHEREAS, equity and justice require that those who have availed themselves of Executive Order No. 41, as amended, thus far should not be unduly prejudiced or penalized for having responded to the Government's offer seasonably;

NOW, THEREFORE, I, CORAZON C. AQUINO, President of the Philippines, do hereby order:

SECTION 1. The period within which taxpayers may avail themselves of the expanded tax amnesty under Executive Order No. 41, as amended, is hereby extended up to January 31, 1987.

SECTION 2. The payment of the amnesty tax under this amendatory Executive Order shall be as follows:

> If ₱50,000.00 or less, the tax must be paid at the time of the filing of the return;
> If more than ₱50,000.00, the tax may be paid in two equal installments: the first, upon the filing of the return; and the second, on or before January 31, 1987.

If the amnesty tax or any installment thereof under this amendatory Executive Order is not paid on its due date, a surcharge equivalent to 25% of the unpaid amount shall be collected. The unpaid tax or its installment and the surcharge shall be paid not later than one month from the due date thereof, otherwise the application for tax amnesty shall be denied. No case hereunder shall result in a refund.

SECTION 3. The taxpayers who have availed themselves of the tax amnesty under Executive Order No. 41, as amended, prior to this amendatory Executive Order shall continue to enjoy the benefits, immunities and privileges therein provided.

SECTION 4. The provisions of Executive Order No. 41, as amended, which are not contrary to or inconsistent with this amendatory Executive Order shall remain in full force and effect.

SECTION 5. The Minister of Finance, upon the recommendation of the Commissioner of Internal Revenue, shall promulgate the necessary rules and regulations to implement this Executive Order.

SECTION 6. This Executive Order shall take effect immediately.

Done in the City of Manila, this 17th day of December, in the year of Our Lord, nineteen hundred and eighty-six.

(Sgd.) **CORAZON C. AQUINO**

By the President:
(Sgd.) **JOKER P. ARROYO**
Executive Secretary

Source: **Presidential Management Staff**

Office of the President of the Philippines. (1986). *[Executive Order Nos.: 1 - 170]*. Manila: Presidential Management Staff.

MALACAÑANG
MANILA

EXECUTIVE ORDER NO. 96
FURTHER AMENDING SECTION TWO OF REPUBLIC ACT NO. 1862, AS AMENDED, AND FOR OTHER PURPOSES

WHEREAS, there are certain retirees after June 22, 1957 but before September 10, 1979 who were paid gratuity under Republic Act No. 340, as amended and/or Republic Act No. 1616, as amended, but were excluded from the coverage of Republic Act No. 1862, as amended by Batas Pambansa Blg. 644 due to lack of wartime service in the Philippine Army or any guerilla organization as a component thereof, at any time between December 8, 1941 and September 2, 1945;

WHEREAS, in full recognition of their military service to the country, the benefits under Republic Act No. 1862, as amended by Batas Pambansa Blg. 644, must be similarly accorded to these excluded retirees;

NOW, THEREFORE, I, CORAZON C. AQUINO, President of the Philippines, do hereby order:

SECTION 1. Section 2 of Republic Act No. 1862, as amended, is hereby further amended to read as follows:

> "SEC. 2. Persons who were retired and paid gratuity under said Republic Act Numbered Three hundred forty and/or Republic Act Numbered Sixteen hundred sixteen as amended, with the effective date of retirement after June twenty-two, nineteen hundred fifty-seven but before September ten, nineteen hundred seventy-nine, and who come within the purview of at least clause (b) of the preceding section may, at their option, elect to receive, in lieu of such gratuity paid to them, the annual retirement pay as provided in Section Two of Republic Act Numbered Three hundred forty, as amended, and upon making such election, said persons shall, subject to the provisions and limitations hereinafter provided, be entitled to receive the annual retirement pay as provided in Section Two of Republic Act Numbered Three hundred forty, as amended. The option herein granted may be exercised within five years from the date of the approval of this amendatory Executive Order by the widows and/or minor children of the said retirees who could not exercise the said option by reason of death. Nothing in this section shall be construed as authorizing payment of retirement pay which have accrued prior to the approval of Batas Pambansa Blg. 644 on January 5, 1984."

SECTION 2. Any provision of existing law to the contrary notwithstanding, the amount necessary to implement the provisions of this Executive Order for the current and prior years since the approval of Batas Pambansa Blg. 644 on January 5, 1984 shall be charged, respectively, against the current and future savings in the programmed appropriations for operating expenditures of the New Armed Forces of the Philippines. The annual implementation cost for adjustment to prevailing rates shall be charged against the earnings of the ₱200 million additional government contribution to the AFP Retirement

And Separation Benefits Systems as provided for in Presidential Decree No. 1909. Thereafter, the necessary amount for the same purpose shall be included in the annual General Appropriations Act.

SECTION 3. This Executive Order shall take effect upon its approval.

Done in the City of Manila, this 13th day of December, in the year of Our Lord, nineteen hundred and eighty-six.

(Sgd.) **CORAZON C. AQUINO**

By the President:

Source: **Presidential Management Staff**

Office of the President of the Philippines. (1986). *[Executive Order Nos.: 1 - 170]*. Manila: Presidential Management Staff.

MALACAÑANG
MANILA

EXECUTIVE ORDER NO. 97
CREATING AN INTER-AGENCY COMMITTEE ON TECHNOLOGICAL INFORMATION PILOT SYSTEM (TIPS), AND FOR OTHER PURPOSES

WHEREAS, the United Nations Financing System for Science and Technology for Development (UNFSSTD) has established a Technological Information Pilot System (TIPS), a global network designed to promote technology transfer, and technical and economic cooperation among developing countries;

WHEREAS, the participation of the Philippines in the global information system necessitates the creation of an Inter-Agency Committee;

NOW, THEREFORE, I, CORAZON C. AQUINO, President of the Philippines, do hereby order:

SECTION 1. There is hereby created an Inter-Agency Committee on Technological Information Pilot System (TIPS), otherwise known as the government counterpart agency, to be composed of the following members:

Minister Ministry of Foreign Affairs	–	Chairman
Minister Ministry of Transportation and Communications	–	Member
Minister Ministry of Trade and Industry	–	Member
Director-General National Economic and Development Authority	–	Member
Director-General National Science and Technology Authority	–	Member
Two (2) members to be appointed by the President from other government ministries or agencies.		

The members may designate their duly authorized representatives to any meeting of the government counterpart agency.

The government counterpart agency shall designate technical personnel from other government ministries or agencies to provide technical assistance to it in the performance of its functions.

SECTION 2. The government counterpart agency shall discharge the following functions:

(a) Coordinate with the United Nations Financing System for Science and Technology for Development (UNFSSTD)/United National Development Programme (UNDP) on all Technological Information Pilot System (TIPS) matters;
(b) Monitor and oversee all Technological Information Pilot System (TIPS) activities in the Philippines;

(c) Formulate guidelines on the effective and efficient implementation of Technological Information Pilot System in the Philippines, taking into consideration the national economic and development policies of the government; and
(d) Perform such other functions related to any Technological Information Pilot System (TIPS) matter or activity as may be authorized by the President.

SECTION 3. The government counterpart agency shall be assisted by a Secretariat to be headed by an Executive Director appointed by the Chairman thereof. The Executive Director shall administer the funds of the Committee on Technological Information Pilot System in accordance with existing government accounting and auditing rules and regulations. The Secretariat may be staffed from the personnel on part-time or full-time detail of the member agencies of the Committee on Technological Information Pilot System and from other agencies undertaking related work.

SECTION 4. The Ministry of Foreign Affairs and/or the National Science and Technology Authority shall provide the necessary funds for the government counterpart agency.

SECTION 5. The Inter-Agency Committee on Technological Information Pilot System shall issue such rules and regulations as may be necessary for the implementation of this Executive Order.

SECTION 6. All laws, orders, issuances and rules and regulations or parts thereof inconsistent with this Executive Order are hereby repealed or modified accordingly.

SECTION 7. This Executive Order shall take effect immediately.

Done in the City of Manila, this 18th day of December, in the year of Our Lord, nineteen hundred and eighty-six.

(Sgd.) **CORAZON C. AQUINO**

By the President:
(Sgd.) **JOKER P. ARROYO**
Executive Secretary

Source: **Presidential Management Staff**

Office of the President of the Philippines. (1986). *[Executive Order Nos.: 1 - 170]*. Manila: Presidential Management Staff.

MALACAÑANG
MANILA

EXECUTIVE ORDER NO. 98
MODIFYING EXECUTIVE ORDER NO. 55

WHEREAS, pursuant to the decision of the Government of the Philippines not to operate the Philippine Nuclear Power Plant No. I (PNPP-I) reached in June, 1986, the National Power Corporation (NAPOCOR) was advised to stop the implementation of the nuclear plant contracts;

WHEREAS, in compliance with the said advice, the National Power Corporation (NAPOCOR) has desisted from implementing all contracts and claims for payment relating to the Philippine Nuclear Power Plant No. I (PNPP-I), including foreign loan agreements, by refraining from effecting interests payments under the said loan agreements since July 1, 1986;

WHEREAS, since July 1, 1986, the National Power Corporation (NAPOCOR) has been undertaking the necessary and requisite preservation and the maintenance and security program of the Philippine Nuclear Power Plant No. I (PNPP-I);

WHEREAS, consistent with the decision of the Government of the Philippines not to operate the Philippine Nuclear Power Plant No. I (PNPP-I) reached in June, 1986, the National Power Corporation (NAPOCOR) must be relieved of the financial burden due on the Philippine Nuclear Power Plant No. I, effective upon its action in consonance with the aforesaid decision;

NOW, THEREFORE, I, CORAZON C. AQUINO, President of the Philippines, do hereby order:

SECTION 1. Section 6 of Executive Order No. 55 is hereby amended to read as follows:

"SECTION 6. This Executive Order shall take effect as of July 1, 1986"

Done in the City of Manila, this 18th day of December, in the year of Our Lord, nineteen hundred and eighty-six.

(Sgd.) **CORAZON C. AQUINO**

By the President:
(Sgd.) **JOKER P. ARROYO**
Executive Secretary

Source: **Presidential Management Staff**

Office of the President of the Philippines. (1986). *[Executive Order Nos.: 1 - 170].* Manila: Presidential Management Staff.

MALACAÑANG
MANILA

EXECUTIVE ORDER NO. 99
REPEALING PRESIDENTIAL DECREES NOS. 1727-A AND 1804 WHICH PROHIBIT AND PENALIZE THE GRANT OF PERMITS TO CERTAIN PERSONS

WHEREAS, Presidential Decrees Nos. 1727-A and 1804 abridge the right of the people peaceably to assemble and petition the government for redress of grievances, and are therefore inconsistent with Proclamation No. 3 dated March 25, 1986, which adopted in toto Article IV of the 1973 Constitution, as amended;

WHEREAS, to avoid doubts on and disputes over their invalidity and to make effective the guarantees of the rights and freedoms of the people, there is a need to expressly repeal them;

NOW, THEREFORE, I, CORAZON C. AQUINO, President of the Philippines, do hereby order:

SECTION 1. Presidential Decrees Nos. 1727-A and 1804 are hereby repealed.

SEC. 2. This Act shall take effect immediately.

Done in the City of Manila, this 18th day of Dec., in the year of Our Lord, nineteen hundred and eighty-six.

(Sgd.) **CORAZON C. AQUINO**
President of the Philippines

By the President:
(Sgd.) **JOKER P. ARROYO**
Executive Secretary

Source: **Presidential Management Staff**

Office of the President of the Philippines. (1986). *[Executive Order Nos.: 1 - 170]*. Manila: Presidential Management Staff.

MALACAÑANG
MANILA

EXECUTIVE ORDER NO. 100
CREATING THE PHILIPPINE INFORMATION AGENCY

WHEREAS, there is a need for an agency in government with a means to communicate with the people, and in turn for the people to vigorously express their opinions, views and beliefs to the President; and in the same manner, a need for efficient flow of public information required by the people to assist them in decision making to improve overall quality of life;

WHEREAS, the media reach in the country is sorely limited to a small portion of the population concentrated in certain key cities, thereby limiting access of people to information;

WHEREAS, the government in partnership with private media, can better meet the information needs of the people;

WHEREAS, the public has a right to information and an agency should ensure that they have access to information;

WHEREAS, basic information prior to February, 1986, focused more on the molding of public opinion toward the unquestioning acceptance of government thinking and that the flow of communication was predominantly one-way, from government to the people;

WHEREAS, before little distinction was made between political and development oriented public information, hence resources for public information were often used for political purposes. In most instances, political information and/or political propaganda crowded/out development oriented public information;

WHEREAS, a) there were no regular nationwide outlets where citizens could obtain government publications and materials, i.e. brochures, pamphlets; b) interministry coordination of public information efforts was not effective due to lack of appropriate mechanisms; c) people's participation in the planning and conduct of information programs was not encouraged;

WHEREAS, the manipulative nature of government information leads to deterioration of its credibility even of its public information officers concerned with development oriented information;

NOW, THEREFORE, I, CORAZON C. AQUINO, President of the Republic of the Philippines, by virtue of the powers vested in me by the fundamental laws and the sovereign will of the people, do hereby order the following:

Section 1, Creation of the Philippine Information Agency (PIA) to be headed by a Director.

Section 2. Mission. The Philippine Information Agency shall provide for free flow of accurate, timely and relevant information.

1. To assist people in decision making and identification of opportunities to improve quality of life.
2. To enable citizens to participate meaningful in the democratic processes.

Section 3. Functions.

Establish and maintain selected regional/provincial information centers on community needs for use in planning communications programs and provide basic information of government and on areas of particular interests to the community it serves;
2. Provide technical assistance to other government agencies on the communications component of their programs;
3. Plan and implement information programs of the national scope;
4. Assess information needs of the people through opinion polls and surveys to be used to systematically obtain the public's needs and views on government programs and to plan information programs;
5. Conduct research studies for policy formulation and the evaluation of information program effectiveness;
6. Upgrade skills of government information officers, rural broadcasters, communicators, journalists and other communications personnel through training services and/or consultancy;
7. Support the development and expansion of indigenous media and information/communications technology;
8. Perform whatever tasks may be assigned by the President.

Section 4. Access to Media. The Director shall have access to government media agencies not under his direct control for the purpose of disseminating development-oriented information.

Section 5. Organization. The Director shall prepare an organizational structure embodying the staffing requirements of his Office.

Section 6. Advisory Council. An advisory council composed of communication professionals and well-respected citizens will advise the Agency in the conduct of its activities to ensure that information needs of the people are met.

Section 7. Budget. The PIA is likewise directed to cause the preparation of an operating budget in collaboration with the Ministry of Budget and Management on the details necessary to put into effect the implementation as prescribed by this Executive Order in accordance with the existing laws, rules and regulations. For succeeding budget years, appropriations for the PIA shall be prepared in accordance with the regular government budget procedures.

Section 8. Transfer of Records, Assets and Equipment. All records, assets and equipment of the OMA/NMPC/MOI and their bureaus, except those of Bureau of National and Foreign Information, Bureau of Broadcasts and the Maharlika Broadcasting Corporation, are hereby transferred to the appropriate units of the Agency.

Section 9. Implementing Order. The Director is hereby authorized to issue such orders, rules and regulations as may be necessary to implement the provisions of this Executive Order; Provided, that approval of the Ministry of Budget and Management is obtained relative to the new staffing pattern including appropriate salary rates, the organizational structure at divisional and lowe levels, and the alignment of existing appropriations.

Section 10. Repealing Clause. All laws, executive orders, proclamation, rules and regulations or parts thereof which are inconsistent herewith, are hereby repealed or modified accordingly.

Section 11. Effectivity. This Executive Order shall take effect immediately.

Done in the City of Manila, this 24th day of December, in the year of Our Lord, nineteen hundred and eighty-six.

(Sgd.) **CORAZON C. AQUINO**

By the President:
(Sgd.) **JOKER P. ARROYO**
Acting Executive Secretary

Source: **Presidential Management Staff**

Office of the President of the Philippines. (1986). *[Executive Order Nos.: 1 - 170].* Manila: Presidential Management Staff.

MALACAÑANG
MANILA

EXECUTIVE ORDER NO. 101
FURTHER AMENDING PRESIDENTIAL DECREE NO. 1486, AS AMENDED BY PRESIDENTIAL DECREE NO. 1606 CREATING A SPECIAL COURT TO BE KNOWN AS "SANDIGANBAYAN".

WHEREAS, the Sandiganbayan has been vested with exclusive jurisdiction to try civil and criminal cases against public officers for violations of the Revised Penal Code and special laws, including Republic Act No. 3019, otherwise known as the Anti-Graft and Corrupt Practices Act and Republic Act No. 1379;

WHEREAS, there is a need to amend this law to allow the court to try such civil and criminal cases in a forum most convenient to it;

NOW, THEREFORE, I, CORAZON C. AQUINO, President of the Philippines, do hereby order:

SECTION 1. Section 2 of Presidential Decree No. 1486, as amended by Presidential Decree No. 1606, is hereby amended to read as follows:

> SEC. 2. *Official Station: Place of Holding Sessions.*—The *Sandiganbayan* shall have its principal office in the Metro Manila area and shall hold sessions thereat for the trial and determination of all cases filed with it irrespective of the place where they may have arisen; Provided, however, that the Presiding Justice may authorize any division or divisions of the court to hold sessions and decide cases at any time and place outside Metro Manila, and, where the interest of justice so requires, outside the territorial boundaries of the Philippines. The Sandiganbayan may require the services of the personnel and the use of facilities of the courts or other government offices where any of the divisions is holding session, and the personnel of such courts or offices shall be subject to the orders of the *Sandiganbayan*.

SEC. 2. This Executive Order shall take effect immediately.

DONE in the City of Manila, this 24th day of December, in the year of Our Lord, nineteen hundred and eighty-six.

(Sgd.) **CORAZON C. AQUINO**
President of the Philippines

By the President:
(Sgd.) **JOKER P. ARROYO**
Acting Executive Secretary

Source: **Presidential Museum and Library**

Office of the President of the Philippines. (1986). *Official Gazette of the Republic of the Philippines, 83(6),* 70

MALACAÑANG
MANILA

EXECUTIVE ORDER NO. 102
FURTHER AMENDING CERTAIN SECTIONS OF REPUBLIC ACT NO. 1161, AS AMENDED, OTHERWISE KNOWN AS THE "SOCIAL SECURITY LAW"

WHEREAS, the Social Security System was created pursuant to the policy declared under Republic Act No. 1161, as amended, in order to "[p]rovide to covered employees and their families protection against the hazards of disability, sickness, old age, and death, with a view to promoting their well-being in the spirit of social justice";

WHEREAS, present economic conditions make it necessary that certain sections or provisions of the Social Security Law be further amended to upgrade the base of contributions and to adjust the benefit structure provided for thereunder so that the amounts of the benefits would be more meaningful and responsive to the needs of its members and their families;

WHEREAS, it is also necessary to effect changes in the Social Security System and its operations considering that it performs an important role in the social and economic development programs of the government;

NOW, THEREFORE, I, CORAZON C. AQUINO, President of the Philippines, do hereby order:

SECTION 1. Section 3(a) of Republic Act No. 1161, as amended, is hereby further amended to read as follows:

> "SEC. 3. Social Security System – (a) To carry out the purposes of this Act, the Social Security System with principal place of business in Metro Manila, Philippines, is hereby created. The SSS shall be directed and controlled by a Social Security Commission composed of the Minister of Labor and Employment, the SSS Administrator and six appointive members, two of whom shall represent the labor group, two, the management group and two, the general public, to be appointed by the President of the Philippines. The Chairman of the Commission shall be designated by the President from among its members. The term of the appointive members shall be three years: Provided, That the terms of the first six appointive members shall be one, two and three years for every two members, respectively. All vacancies, except through the expiration of the term, shall be filled for the unexpired term only. The appointive members of the Commission shall receive seven hundred pesos per diem for each meeting actually attended by them: Provided, That no compensation shall be paid for more than eight meetings a month. Members of the Commission who hear cases pending before the Commission shall also receive a per diem of seven hundred pesos."

SECTION 2. Section 4(c) of Republic Act No. 1161, as amended, is hereby further amended to read as follows:

"(c) To require the actuary to submit a valuation report on the SSS benefit program every five (5) years, or more frequently as may be necessary, and to undertake the necessary actuarial studies and calculations concerning increases in benefits and the financial stability of the SSS and to provide for the feasible increases in benefits and the addition of new ones under such rules and regulations as the Commission may adopt subject to the approval of the President: Provided, That the actuarial soundness of the reserve fund shall be guaranteed: Provided, further, That such increases in benefits shall not require any increase in the rate of contribution."

SECTION 3. Section 8, paragraph (f) and (n) of Republic Act No. 1161, as amended, are hereby further amended to read as follows:

"(f) Compensation – All actual remuneration for employment, including the mandated cost of living allowance, as well as the cash value of any remuneration paid in any medium other than cash except that part of the remuneration in excess of three thousand pesos received during the month."

"(n) Average daily salary credit – The result obtained by dividing the sum of the six highest monthly salary credits in the twelve-month period immediately preceding the semester of contingency by one hundred eighty."

SECTION 4. Section 12(b) of Republic Act No. 1161, as amended, is hereby further amended to read as follows:

"(b) The monthly pension shall in no case be less than two hundred pesos nor paid in an aggregate amount of less than sixty times the monthly pension except to a secondary beneficiary: Provided, That the monthly pension of surviving pensioners as of December 31, 1986 shall be increased by twenty percent."

SECTION 5. Section 12-B, paragraph (d), of Republic Act No. 1161, as amended, is hereby further amended to read as follows:

"(d) Upon the death of the retired employee pensioner, his primary beneficiaries as of the date of his retirement shall be entitled to eighty percent of the monthly pension and his dependents to the dependents' pension: Provided, That if he has no primary beneficiaries and he dies within sixty months from the start of his monthly pension, his secondary beneficiaries shall be entitled to a lump sum benefit equivalent to the bigger of (1) twenty times the monthly pension or (2) the difference of sixty times the monthly pension and the total monthly pensions paid by the SSS excluding the dependents' pension."

SECTION 6. Section 13-A, paragraph (c), of Republic Act No. 1161, as amended, is hereby further amended to read as follows:

"(c) Upon the death of the permanent total disability pensioner, his primary beneficiaries as of the date of disability shall be entitled to eighty percent of the

monthly pension and his dependents to the dependents' pension: Provided, That if he has no primary beneficiaries and he dies within sixty months from the start of his monthly pension, his secondary beneficiaries shall be entitled to a lump sum benefit equivalent to the bigger of (1) twenty times the monthly pension or (2) the difference of sixty times the monthly pension and the total monthly pensions paid by the SSS excluding the dependents' pension."

SECTION 7. Section 13-B of Republic Act No. 1161, as amended, is hereby further amended to read as follows:

"SEC. 13-B. Funeral Benefit – A funeral grant of two thousand pesos shall be paid to help defray the cost of funeral expenses upon the death of a covered member, permanently totally disabled employee or retiree."

SECTION 8. Section 14, paragraph (a) (1) of Republic Act No. 1161, as amended, is hereby further amended to read as follows:

"(1) – In no case shall the total amount of such daily allowance be less than seven pesos and fifty centavos nor exceed seventy five pesos nor paid longer than one hundred twenty days in one calendar year; nor shall any unused portion of the one hundred twenty days of sickness benefit granted under this section be carried forward and added to the total number of compensable days allowable in the subsequent year;"

SECTION 9. Section 18(a) of Republic Act No. 1161, as amended, is hereby further amended to read as follows:

"SEC. 18. Employee's contribution – (a) Beginning as of the last day of the calendar month when an employee's compulsory coverage takes effect and every month thereafter during his employment, the employer shall deduct and withhold from such employee's monthly salary, wage, compensation or earnings, the employee's contribution in an amount corresponding to his salary, wage, compensation, or earnings during the month in accordance with the following schedule effective on January 1, 1987:

SALARY BRACKET	RANGE OF	MONTHLY SALARY	MONTHLY CONTRIBUTION		
NUMBER	COMPENSATION	CREDIT	EMPLOYER	EMPLOYEE	TOTAL
I	₱ 1-149.99	₱ 125.00	₱ 6.40	₱ 4.10	₱ 10.50
II	150-199.99	175.00	9.00	5.70	14.70
III	200-249.99	225.00	11.40	7.50	18.90
IV	250-349.99	300.00	15.20	10.00	25.20
V	350-499.99	425.00	21.60	14.10	35.70
VI	500-699.99	600.00	30.40	20.00	50.40
VII	700-899.99	800.00	40.50	26.70	67.20
VIII	900-1099.99	1000.00	50.70	33.30	84.00
IX	1100-1399.99	1250.00	63.30	41.70	105.00

X	1400-1749.99	1500.00	76.00	50.00	126.00
XI	1750-2249.99	2000.00	101.30	66.70	168.00
XII	2250-2749.99	2500.00	126.70	83.30	210.00
XIII	2750-over	3000.00	152.00	100.00	252.00

The tabulated schedule for the monthly contributions of the self-employed and voluntary members effective January 1, 1987 shall be as follows:

SALARY BRACKET NUMBER	RANGE OF COMPENSATION	MONTHLY SALARY CREDIT	MONTHLY CONTRIBUTION
I	₱1.00-149.99	₱125.00	₱10.00
II	150.00-199.99	175.00	14.00
III	200.00-249.99	225.00	18.00
IV	250.00-349.99	300.00	24.00
V	350.00-499.99	425.00	34.00
VI	500.00-699.99	600.00	48.00
VII	700.00-899.99	800.00	64.00
VIII	900.00-1,099.99	1,000.00	80.00
IX	1,100.00-1,399.99	1,250.00	100.00
X	1,400.00-1,749.99	1,500.00	120.00
XI	1,750.00-2,249.99	2,000.00	160.00
XII	2,250.00-2,749.99	2,500.00	200.00
XIII	2,750.00-over	3,000.00	240.00

The maximum covered earnings or compensation of all SSS members shall be limited to three thousand pesos per month as provided in the foregoing schedules unless otherwise provided by the Social Security Commission through rules and regulations taking into consideration actuarial calculations and rate of benefits."

SECTION 10. Section 25 of Republic Act No. 1161, as amended, is hereby further amended to read as follows:

"SEC. 25. Deposit and disbursements – All money paid to or collected by the SSS every year under this Act, and all accruals thereto shall be deposited, administered and disbursed in the same manner and under the same conditions and requirements as provided by law for other public special funds: Provided, That not more than twelve percent (12%) of the total yearly contributions plus three percent (3%) of other revenues shall be disbursed for salaries and wages, purchases of office equipment and materials, operational expenses and the maintenance of regional offices of the SSS: Provided, further, That if the expenses in any year are less than the maximum amount permissible, the difference shall not be availed of as additional expenses in the following years."

SECTION 11. The opening paragraph and paragraphs (d) and (e) of Section 26 of Republic Act No. 1161, as amended, are hereby further amended to read as follows:

"SEC. 26. Investment of reserve funds – All revenues of the SSS that are not needed to meet the current administrative and operational expenses incidental to the carrying out of this Act shall be accumulated to a fund to be known as the 'Reserve Fund'. Such portions of the Reserve Fund as are not needed to meet the current benefit obligations thereof shall be invested to earn an average annual income of at least nine percent and shall be known as the 'Investment Reserve Fund' which shall be invested in any or all of the following:

x x x x x x x x x

(d) In direct housing loans to covered employees and group housing projects giving priority to the low-income groups, up to a maximum of ninety percent of the appraised value of the properties to be mortgaged by the borrowers and in loans for the construction and the maintenance of hospitals and institutions for the sick, aged and infirm members and their families, referred to in Section four (j) of this Act: Provided, That such investment shall not exceed thirty percent of the Investment Reserve Fund.

(e) In short and medium term loans to covered employees such as salary, educational, calamity and emergency loans: Provided, That not more than ten percent of the Investment Reserve Fund at any time shall be invested for this purpose.

SECTION 12. Section 26 of Republic Act No. 1161, as amended, is hereby further amended by adding thereto new paragraphs (i), (j), and (k), to read as follows:

(i) In bonds, debentures or other evidences of indebtedness of any solvent corporation or institution created or existing under the laws of the Philippines: Provided, That the issuing, assuming or guaranteeing entity or its predecessors shall not have defaulted in the payment of interest on any of its securities and that during each of any three including the last two of the five fiscal years next preceding the date of acquisition by the SSS of such bonds, debentures, or other evidences of indebtedness, the net earnings of the issuing, assuming or guaranteeing institution available for its fixed charges, as hereinafter defined, shall have been not less than one and one-quarter times the total of its fixed charges for such year: Provided, further, That such investment shall not exceed ten percent of the Investment Reserve Fund.

As used in this section, the term 'net earnings available for fixed charges' shall mean net income after deducting operating and maintenance expenses, taxes other than income taxes, depreciation and depletion; but excluding extra-ordinary non-recurring items of income or expense appearing in the regular financial statement of the issuing, assuming or guaranteeing institution. The term 'fixed charges' shall include interest on funded and unfunded debt, amortization of debt discount, and rentals for leased properties.

(j) In preferred stocks of any solvent corporation or institution created or existing under the laws of the Philippines: Provided, That the issuing, assuming, or guaranteeing entity or its predecessors has paid regular dividends upon its

preferred or guaranteed stocks for a period of at least three years next preceding the date of investment in such preferred or guaranteed stocks: Provided, further, That if the stocks are guaranteed, the amount of stocks so guaranteed is not in excess of fifty percentum of the amount of the preferred or common stocks, as the case may be, of the issuing corporations: Provided, furthermore, That if the corporation or institution has not paid dividends upon its preferred stocks, the corporation or institution has sufficient retained earnings to declare dividends for at least two years on such preferred stocks: Provided, finally, That such investment shall not exceed ten percent of this Investment Reserve Fund.

(k) In common stocks of any solvent corporation or institution created or existing under the laws of the Philippines listed in the stock exchange with proven track record of profitability and payment of dividends over the last three years: Provided, That such investment shall not exceed ten percent of the Investment Reserve Fund."

SECTION 13. All laws, orders, issuances, rules and regulations or parts thereof inconsistent with this Executive Order are hereby repealed or modified accordingly.

SECTION 14. This Executive Order shall take effect on January 1, 1987.

Done in the City of Manila, this 24th day December, in the year of Our Lord, nineteen hundred and eighty-six.

(Sgd.) **CORAZON C. AQUINO**

By the President:
(Sgd.) **JOKER P. ARROYO**
Acting Executive Secretary

Source: **Presidential Management Staff**

Office of the President of the Philippines. (1986). *[Executive Order Nos.: 1 - 170]*. Manila: Presidential Management Staff.

MALACAÑANG
MANILA

EXECUTIVE ORDER NO. 103
CONSTITUTING THE NATIONAL RECONCILIATION AND DEVELOPMENT PROGRAM AS A PRIORITY PROGRAM OF GOVERNMENT AND FOR OTHER PURPOSES

WHEREAS, the Philippine Development Plan adopted by the Government for 1987-1992 seeks to achieve the broad objectives of the alleviation of poverty, the generation of more and productive employment, the promotion of social justice, and the attainment of sustainable economic growth mainly through a labor-based, rural-oriented strategy;

WHEREAS, the nation is on the threshold of a new era characterized by a stronger bond among brother Filipino as one nation;

WHEREAS, the Government national reconciliation efforts have made it necessary to consolidate and refocus all support mechanisms required to make such efforts fruitful;

NOW, THEREFORE, I, CORAZON C. AQUINO, President of the Philippines, do hereby order:

SECTION 1. Declaration of Policy. – It is hereby declared the policy of the State to support individuals and families toward a peaceful and productive community life.

SECTION 2. The National Reconciliation and Development Program. – In pursuance of the aforestated policy, the National Reconciliation and Development Program (NRDP) is hereby established to coordinate and integrate the programs, projects and efforts of the government entities, non-government organizations and the private sector concerning national reconciliation as envisioned in the Philippine Development Plan.

SECTION 3. The National Reconciliation and Development Council (NRDC). – The National Reconciliation and Development Council is hereby created to coordinate the National Reconciliation and Development Program. The National Reconciliation and Development Council shall be composed of the following:

(a)	The Minister of Economic Planning	–	Chairperson
(b)	The Minister of Local Government	–	Vice-Chairperson
(c)	The Minister of Budget and Management	–	Member
(d)	The Minister of National Defense	–	Member
(e)	The Minister of Justice	–	Member
(f)	The Minister of Agriculture and Food	–	Member
	The Minister of Social Services and Development	–	Member
(h)	The Press Secretary	–	Member
(i)	The Deputy Executive Secretary for Human Settlements	–	Secretary

SECTION 4. Powers and Functions of the National Reconciliation and Development Council. – The National Reconciliation and Development Council shall have the following powers and functions:

Formulate a comprehensive program for national reconciliation and development which shall build on all government programs and projects such

as the Local Communities Program, Community Employment Development Program, National Assistance for Local Government Units, Regional Development Investment Program and other sectoral programs;
Formulate policies and guidelines for the National Reconciliation and Development Program;
Deputize government entities and officials as may be necessary for the National Reconciliation and Development Program;
Encourage participation of non-government organizations and the private sector in the National Reconciliation and Development Program;

(e) Identify additional sources of technical and financial assistance for the National Reconciliation and Development Program;
(f) Monitor and evaluate the progress of the National Reconciliation and Development Program.

SECTION 5. The Consultative Council. – All other government ministries or agencies and non-government organizations involved in the implementation of the Philippine Development Plan shall compose of the Consultative Council at the national level for the purpose of assisting the National Reconciliation and Development Council in the implementation of the National Reconciliation and Development Program. They shall be consulted individually or meet as a body as the need arises.

At the regional, provincial and municipal levels, the Regional Development Councils, the Provincial Development Councils and the Municipal Development Councils, respectively, shall be the consultative bodies.

SECTION 6. The Secretariat. – A Secretariat shall be created by the National Reconciliation and Development Council at the National level.

SECTION 7. Program Implementation and Coordination at the Regional Level. – A special Council, the Regional Reconciliation and Development Council (RRDC), shall be created under the Regional Development Council of every region except the National Capital Region. The Regional Reconciliation and Development Council shall be responsible for the coordination of the National Reconciliation and Development Program at the regional level.

The Regional Reconciliation and Development Council shall be composed of the representatives in the region of the members of the National Reconciliation and Development Council. The members shall elect a Chairman from among the members and create its own Secretariat.

The Regional Reconciliation and Development Council shall have the following powers and functions:

Coordinate programs and projects of the National Reconciliation and Development Program in the regions;
Enlist the support of and coordinate with other ministries or agencies for support mechanisms;
Encourage the participation of non-government organizations and the private sector in its undertakings;
Monitor the National Reconciliation and Development Program activities and render periodic reports as may be required by the National Reconciliation and Development Council.

SECTION 8. Program Implementation and Coordination at the Provincial and the Municipal Levels. – The Provincial Reconciliation and Development Council (PRDC) and the Municipal Reconciliation and Development Council (MRDC) composed of but not limited to the Ministries of Social Services and Development, Local Government and National Defense shall be responsible for the implementation of the Reception and Processing Centers of the National Reconciliation and Development Program at the provincial and municipal levels, respectively.

The Provincial Reconciliation and Development Council and the Municipal Reconciliation and Development Council are authorized to act in behalf of the National Reconciliation and Development Council to deputize other government entities and officials as may be necessary for the effective implementation of its functions and to encourage the participation of non-government organizations and the private sector.

SECTION 9. Budgetary Support. – The Ministry of Budget and Management is hereby authorized to realign and/or release the necessary funding support to the National Reconciliation and Development Program.

SECTION 10. Separability Clause. – Any portion or provisions of this Executive Order that may be declared unconstitutional shall not have the effect the nullifying other portions or provisions hereof, as long as such remaining portions or provisions can still subsist and be given effect in their entirety.

SECTION 11. Repealing Clause. – All laws, orders, issuances, rules and regulations or parts thereof inconsistent with this Executive Order are hereby repealed or modified accordingly.

SECTION 12. Effectivity. – This Executive Order shall take effect immediately.

Done in the City of Manila, this 24th day of December, in the year of Our Lord, nineteen hundred and eighty-six.

(Sgd.) **CORAZON C. AQUINO**

By the President:
(Sgd.) **JOKER P. ARROYO**
Acting Executive Secretary

Source: **Presidential Management Staff**

Office of the President of the Philippines. (1986). *[Executive Order Nos.: 1 - 170]*. Manila: Presidential Management Staff.

MALACAÑANG
MANILA

EXECUTIVE ORDER NO. 104
AMENDING EXECUTIVE ORDER NO. 42

WHEREAS, the Government has received numerous requests from the various sectors of our society for an extension of time within which to avail themselves of the real property tax amnesty under Executive Order No. 42 dated August 22, 1986;

WHEREAS, consistent with the policy of the Government to adopt immediate measures that will ease the tax burden and encourage tax payments that accrue to the local governments which are the principal beneficiaries of realty tax revenues, such requests must be heeded;

NOW, THEREFORE, I, CORAZON C. AQUINO, President of the Philippines, do hereby order:

SECTION 1. The period within which the taxpayers may avail themselves of the real property tax amnesty under Executive Order No. 42 is hereby extended up to March 31, 1987. Section 5 of Executive Order No. 42 is hereby amended accordingly.

SECTION 2. The provisions of Sections 1, 2, 3 and 4 of Executive Order No. 42 shall continue to be in force and effect.

SECTION 3. The Minister of Finance shall promulgate the necessary rules and regulations to implement this amendatory Executive Order.

SECTION 4. All laws, orders, issuances, rules and regulations or parts thereof inconsistent with this Executive Order are hereby repealed or modified accordingly.

SECTION 5. This Executive Order shall take effect beginning January 1, 1987.

Done in the City of Manila, this 24th day of December, in the year of Our Lord, nineteen hundred and eighty-six.

(Sgd.) **CORAZON C. AQUINO**

By the President:
(Sgd.) **JOKER P. ARROYO**
Acting Executive Secretary

Source: **Presidential Management Staff**

Office of the President of the Philippines. (1986). *[Executive Order Nos.: 1 - 170]*. Manila: Presidential Management Staff.

MALACAÑANG
MANILA

EXECUTIVE ORDER NO. 105
AMENDING CERTAIN SECTIONS OF PRESIDENTIAL DECREE NO. 1519
TO STRENGTHEN THE PHILIPPINE MEDICAL CARE PLAN

WHEREAS, there is a need to strengthen the Philippine Medical Care Plan, otherwise known as the Medicare Program, to minimize and curtail abuses of the benefits provided for therein;

NOW, THEREFORE, I, CORAZON C. AQUINO, President of the Philippines, do hereby order:

SECTION 1. Section 6 paragraph (m) of Presidential Decree No. 1519 is hereby amended to read as follows:

"(m) To render decisions, orders or resolutions on any investigation conducted upon its own initiative or upon complaint in writing for any violation of this law or its rules and regulations, and after notice and hearing, impose administrative fines of not less than ₱5,000 but not more than ₱30,000 against any person, natural or juridical, found guilty of such violation: Provided, That should the violation be committed by a hospital, drugstore, medical or dental practitioner, the accreditation so extended shall, in addition, be suspended or revoked: Provided, further, That should the violation be committed by a beneficiary, his right to the benefits under the Medicare Program shall, in addition, be suspended for a period not exceeding six months: Provided, furthermore, That any decision, order or resolution rendered by the Commission shall be appealable to the Office of the President in accordance with the procedure established under Executive Order No. 19, series of 1966: Provided, finally, That the administrative sanctions provided herein shall be without prejudice to the application of the penal provisions under Sections 30 hereof."

SECTION 2. Sub-paragraphs (n), (o) and (p) of Section 6 of Presidential Decree No. 1519 are hereby re-lettered as sub-paragraphs (p), (q) and (r) thereof, respectively and new sub-paragraphs (n) and (o) are hereby added to read as follows:

To issue as soon as the decision, order or resolution has become final and executory writs of execution enforceable in accordance with the Rules of Court of the Philippines."

To deputize any law enforcement agency or official in the execution of its final decisions, orders or resolutions and to serve such other processes of the Commission.

SECTION 3. Section 15 of Presidential Decree No. 1519 is hereby amended to read as follows:

"A member who shall have paid at least three monthly contributions during the last twelve months prior to the first day of the single period of confinement, as well as his legal dependents, shall be entitled to medical care benefits: Provided, That when he commits any violation of this law or its rules and regulations, he and his legal dependents shall not be allowed to avail of these benefits by the Commission subject to Section 6(m) hereof. The member shall continue to pay his contribution during the period of suspension of availment of benefits."

SECTION 4. Section 29 of Presidential Decree No. 1519 is hereby amended to read as follows:

"There is hereby created a Hearing Committee composed of nine (9) members who shall be designated by the Commission for the purpose of conducting inquiries and investigations into reported violations of this law or its implementing rules and regulations. The Committee may sit in three (3) divisions, each division composed of three (3) members. The Committee shall not be bound by the technical rules of evidence. The Committee may administer oaths, certify to official acts and issue subpoena and subpoena duces tecum to compel the attendance of witnesses, and the production of books, papers and other records deemed necessary in connection with any question arising under this law. The Commission shall have the same powers to punish direct and indirect contempts granted to superior courts under Rule 71 of the Rules of Court."

SECTION 5. The second and fourth paragraphs of Section 30 of Presidential Decree No. 1519 are hereby amended to read as follows:

"Whoever fails or refuses to comply with the provisions of this law or with the rules and regulations promulgated by the Commission, including failure or refusal to deduct contributions from the employee's compensation and to remit the same to the Social Security System (SSS) or the Government Service Insurance System (GSIS) shall be punished by a fine of not less than ten thousand pesos (₱10,000.00) but not more than forty thousand pesos (₱40,000.00) or imprisonment for not less than six (6) months nor more than six (6) years or both at the discretion of the court."

"Any employer who shall deduct, directly or indirectly, from the compensation of the covered employees or otherwise recover from them his own contribution on behalf of such employees shall be punished by a fine of not less than ten thousand pesos (₱10,000.00) but not more than forty thousand pesos (₱40,000.00) or imprisonment of not less than six (6) months nor more than six (6) years or both at the discretion of the court."

SECTION 6. All laws, orders, issuances, rules and regulations or parts thereof inconsistent with this Executive Order are hereby repealed or modified accordingly.

SECTION 7. This Executive Order shall take effect fifteen (15) days after publication in the Official Gazette.

Done in the City of Manila, this 24th day of December, in the year of Our Lord, nineteen hundred and eighty-six.

(Sgd.) **CORAZON C. AQUINO**

By the President:
(Sgd.) **JOKER P. ARROYO**
Acting Executive Secretary

Source: **Presidential Management Staff**

Office of the President of the Philippines. (1986). *[Executive Order Nos.: 1 - 170].* Manila: Presidential Management Staff.

MALACAÑANG
MANILA

EXECUTIVE ORDER NO. 106
RESTRUCTURING THE MEDICAL CARE BENEFITS UNDER THE PHILIPPINE MEDICAL CARE PLAN

WHEREAS, actuarial studies show that without increasing contributions, current benefits under the Philippine Medical Care Plan, otherwise known as the Medicare Program can be increased for certain items only and at different rates for the two sectors of beneficiaries covered:

NOW, THEREFORE, I, CORAZON C. AQUINO, President of the Philippines, do hereby order:

SECTION 1. The medical care benefits to Medicare beneficiaries covered by the Social Security System (SSS) shall not exceed the rates indicated below:

BENEFIT	HOSPITAL CATEGORY		
	PRIMARY	SECONDARY	TERTIARY
1. Room and Board	₱30/day	₱35/day	₱45/day
2. Medical Expense (per single period of confinement)			
2.1 Ordinary Cases			
2.1.1 Drugs & Medicines	175	200	300
2.1.2 X-ray/Laboratory/Others	75	150	350
2.2 Intensive Care Cases			
2.2.1 Drugs & Medicines	375	400	500
2.2.2 X-ray/Laboratory/Others	125	200	500
2.3 Catastrophic Cases			
2.3.1 Drugs & Medicines-		800	1.000
2.3.2 X-ray/Laboratory/Others		400	1.000
3. Medical/Dental Practitioner's Fee shall be ₱15.00 per day not to exceed:			
3.1 For Ordinary Cases (per single period of confinement)	200	200	200
3.2 For intensive Care/Catastrophic Cases (Per single period of confinement)	300	300	300
4. Surgeon's Fee shall be in accordance with the relative value scheme prescribed by the Commission not to exceed ₱650.00			
5. Anesthesiologist's Fee not to exceed 30% of the allowed Surgeon's fee.			
6. Operating Room Fee for Surgical Procedures with Relative Unit Value of:			
0 – 5	30	35	65
5.1 – 10	–	120	165
10.1 – Above	–	170	225

7. Fees for surgical family planning procedures as may be determined by the Commission

SECTION 2. The medical care benefits of Medicare beneficiaries covered by the Government Service Insurance System (GSIS) shall not exceed the rates indicated below:

BENEFIT	HOSPITAL CATEGORY		
	PRIMARY	SECONDARY	TERTIARY
1. Room and Board	₱20/day	₱24/day	₱33/day
2. Medical Expense Benefits (Per single period of confinement)			
2.1 For Ordinary Cases			
2.1.1 Drugs & Medicines	150	175	250
2.1.2 X-ray/Laboratory/Others	50	75	100
2.2 For Intensive Care Cases			
2.2.1 Drug & Medicines	250	300	350
2.2.2 X-ray/Laboratory/Others	100	125	250
2.3 Catastrophic Cases			
2.3.1 Drugs & Medicines	–	400	450
2.3.2 X-ray/Laboratory/Others	–	150	300
3. Medical/Dental Practitioner's Fee shall be ₱15.00 per day not to exceed:			
3.1 For Ordinary Cases (per single period of confinement)	200	200	200
3.2 For Intensive Care/Catastrophic Cases (per single period of confinement)	300	300	300
4. Surgeon's Fee shall be in accordance with the relative value scheme prescribed by the Commission not to exceed ₱650.00			
5. Anesthesiologist's Fee not to exceed 30% of the allowed Surgeon's Fee			
6. Operating Room Fee for Surgical Procedures with relative Unit Value of:			
0 – 5	30	35	65
5.1 – 10	–	120	165
10.1 – above	–	170	265
7. Fees for surgical family planning procedures as may be determined by the Commission			

SECTION 3. All laws, orders, issuances, rules and regulations or parts thereof inconsistent with this Executive Order are hereby repealed or modified accordingly.

SECTION 4. This Executive Order shall take effect immediately.

Done in the City of Manila, this 24th day of December, in the year of Our Lord, nineteen hundred and eighty-six.

(SGD.) **CORAZON C. AQUINO**
President of the Philippines

By the President:
(SGD.) **JOKER P. ARROYO**
Executive Secretary

Source: **Presidential Management Staff**

Office of the President of the Philippines. (1986). *[Executive Order Nos.: 1 - 170]*. Manila: Presidential Management Staff.

MALACAÑANG
MANILA

EXECUTIVE ORDER NO. 107
PROVIDING FOR THE SURRENDER OF LOOSE FIREARMS, AMMUNITION AND EXPLOSIVES, GRANTING BENEFITS THEREFOR, AND FOR OTHER PURPOSES

WHEREAS, reports from the law enforcement agencies reveal that there are still a big number of loose or unlicensed firearms, ammunition or explosives in the possession of persons, a majority of whom, not having used such contraband for the commission of any offense may be desirous to surrender the same but are prevented from doing so for fear of being penalized in accordance with existing laws;

WHEREAS, the government is intent on minimizing, if not eradicating, possession of loose or unlicensed firearms, ammunition and explosives;

WHEREAS, in order to give the aforementioned holders of loose or unlicensed firearms, ammunition or explosives the opportunity to dispose of the same without incurring criminal liability, it is necessary to adopt a liberal scheme for that purpose;

NOW, THEREFORE, I, CORAZON C. AQUINO, President of the Philippines, do hereby order:

SECTION 1. All laws, rules and regulations to the contrary notwithstanding, any person who possesses any firearm, ammunition or explosive without any license or permit as prescribed by law may, without incurring any criminal liability therefor, surrender the same to the proper authorities within a period of six (6) months from the date of the effectivity of this Executive Order: Provided, That the foregoing provisions shall not be construed as barring the prosecution of any person for illegal possession of firearms, ammunition or explosives, as the case may be, in violation of existing laws, if he, within the abovementioned period of six (6) months:

a. Carries outside of his residence, any loose or unlicensed firearm, ammunition or explosive, unless it is for the purpose of surrendering the same, as evidenced by a written authority to transport the same for the aforesaid purpose priorly secured by him from the proper authorities;

b. Commits any other offense with the use of such loose or unlicensed firearm, ammunition or explosive.

SECTION 2. Those who have been arrested, charged with, and/or convicted for illegal possession of firearms, ammunition or explosives, with or without resultant offense or offenses, shall be disqualified to avail themselves of the provisions of this Executive Order.

SECTION 3. The holder or possessor of any firearm, surrendered in accordance with this Executive Order may apply to possess the same under license: Provided, That he is qualified to possess the said firearm in accordance with existing laws, and with the rules and regulations implementing this Executive Order.

SECTION 4. Any firearm which can not be possessed under license by the person who surrendered it may be sold to and licensed in the name of qualified individuals, firms or corporations

who/which shall pay the corresponding price of such firearm. The payment shall accrue in favor of the person who surrendered the firearm.

SECTION 5. The Chief of the Philippine Constabulary is hereby authorized to promulgate the necessary rules and regulations to implement this Executive Order.

SECTION 6. This Executive Order shall take effect immediately.

Done in the City of Manila, this 24th day of December, in the year of Our Lord, nineteen hundred and eighty-six.

(Sgd.) **CORAZON C. AQUINO**

Source: **Presidential Management Staff**

Office of the President of the Philippines. (1986). *[Executive Order Nos.: 1 - 170]*. Manila: Presidential Management Staff.

MALACAÑANG
MANILA

EXECUTIVE ORDER NO. 108
PROVIDING AN OFFICIAL LIST OF BARANGAYS IN REGION XII
AND FOR OTHER PURPOSES.

WHEREAS, a review of the legal and physical existence of the barangays in Region XII reveals the proliferation of the so-called "ghost" or uninhabited barangays started during the previous regime, including those created under dubious circumstances, thereby defrauding the government of millions of pesos in terms of unwarranted barangay allotments and other fund releases and the commission of massive election irregularities in the voting centers within the said barangays;

WHEREAS, an inter-agency Committee was created pursuant to Presidential Memorandum Circular No. 12-A, dated May 27, 1986, to prepare an official list of barangays in Region XII and the said Committee had undertaken a verification of the legal and physical existence of each barangay in said region;

WHEREAS, a number of said barangays have failed to satisfy the basic requirements for their legal and physical existence which warrant their abolition and/or reversion to their former territorial status.

NOW, THEREFORE, I, CORAZON C. AQUINO, President of the Republic of the Philippines, do hereby order as follows:

SECTION 1. The barangays named in the Official List of Barangays in Region XII which is hereto attached and forming part hereof as Annex A are hereby retained in their respective provinces.

SECTION 2. All other barangays in said region which do not appear in the aforementioned listing are hereby abolished and shall revert back to their respective mother barangays or, when impractical, shall merge with the contiguous barangay with the smallest population and which is most accessible to it.

SECTION 3. Any barangay abolished under the immediately preceding paragraph may, upon good cause shown, apply for a reconsideration with the Chief Local Government Officer in the province of the Ministry of Local Government within a period of ten (10) days from effectivity of this Executive Order. The Minister of Local Government shall promulgate the necessary rules and regulations governing the form, procedure and disposition of all applications for reconsideration filed under this section.

SECTION 4. The Ministry of Local Government may call upon any ministry, bureau, office, agency or instrumentality of the Government for such assistance it may require in the performance of the functions provided herein.

SECTION 5. All laws, orders, issuances, rules and regulations or parts thereof inconsistent with this Executive Order are hereby repealed or modified accordingly.

DONE in the City of Manila, this 24th day of December, in the year of Our Lord, nineteen hundred and eighty-six.

(Sgd.) **CORAZON C. AQUINO**

By the President:
(Sgd.) **JOKER P. ARROYO**
Executive Secretary

Reference: Annex A

Source: **Presidential Management Staff**

Office of the President of the Philippines. (1986). *[Executive Order Nos.: 1 - 170]*. Manila: Presidential Management Staff.

MALACAÑANG
MANILA

EXECUTIVE ORDER NO. 109
AUTHORIZING THE COMMISSIONER OF INTERNAL REVENUE TO MONITOR, CHECK, SUPERVISE AND APPROVE ALL IMPORTATIONS OF BLENDING TOBACCO SUBJECT TO CERTAIN RULES, IMPOSING AN ADDITIONAL IMPORTED BLENDING TOBACCO INSPECTION AND MONITORING FEE, AND FOR OTHER PURPOSES

WHEREAS, the manufacture of cigarettes requires the use of various kinds of imported blending tobaccos to improve the quality of the said cigarettes;

WHEREAS, these imported blending tobaccos differ in qualities, come from different countries, and command prices that vary from time to time due to the demands of the market;

WHEREAS, it is important to keep strict and constant control over importations of these blending tobaccos not only because they affect the quality and price of cigarettes manufactured locally but also because such importations are easily the subject of manipulation and misdeclaration;

NOW, THEREFORE, I, CORAZON C. AQUINO, President of the Philippines, do hereby order:

SECTION 1. The Commissioner of Internal Revenue is hereby authorized to monitor, check, supervise and approve all blending tobacco importations under the following rules:

(a) Before any importation of such tobaccos can be authorized by any Government authority or agency the prior approval of the said Commissioner of Internal Revenue must be secured.

(b) The Commissioner of Internal Revenue shall inform himself of the quantity, quality, price and source of the tobacco to be imported plus other information needed to properly monitor said importation; make a correct determination as to the correct tax and import duty base of the same; and arrive at a conclusion as to the ultimate usage of the said tobacco. When this information is secured and it appears that a legitimate importation is being applied for, the Commissioner of Internal Revenue shall forthwith notify the government officer concerned of his approval of said importation.

(c) The appropriate Government agency shall then proceed with the approval or disapproval of the said importation according to existing laws, rules and regulations.

(d) The Commissioner of Internal Revenue shall then, with the cooperation of other Government agencies concerned, monitor the importations and use of the said tobacco to determine whether or not the original representation made by the importer are true and correct.

(e) The Commissioner of Internal Revenue is hereby authorized to collect from every importer of tobacco, an additional imported blending tobacco inspection and monitoring fee of ₱5.00 per kilo.

SECTION 2. This Executive Order shall cover all blending tobacco importations beginning July 1, 1986.

Done in the City of Manila, this 24th day of December, in the year of Our Lord, nineteen hundred and eighty-six.

(Sgd.) **CORAZON C. AQUINO**

By the President:
(Sgd.) **JOKER P. ARROYO**
Acting Executive Secretary

Source: **Presidential Management Staff**

Office of the President of the Philippines. (1986). *[Executive Order Nos.: 1 - 170]*. Manila: Presidential Management Staff.

MALACAÑANG
MANILA

EXECUTIVE ORDER NO. 110
ALLOWING CERTAIN NATIONAL GOVERNMENT AGENCIES TO CONTINUE THE PRACTICE OF PAYING MEDICAL AND INCENTIVE ALLOWANCES BASED ON PRIOR YEARS' TRADITION

WHEREAS, certain government agencies in previous years have been paying medical and incentive allowances to their personnel on the basis of actual grants by the previous administration;

WHEREAS, the employees of these government agencies are expecting the continuation of these allowances and have accordingly made financial commitments on the basis of these expectations;

WHEREAS, it is the policy of the government not to diminish the established compensation levels of its employees in order to maintain as much as possible, their standard of living, pending the completion of a study being conducted by the Ministry of Budget and Management to standardize the compensation of all government personnel;

WHEREAS, in consonance with the government's policy of protecting the welfare of its employees, it is important to authorize the granting of these allowances for the current year.

NOW, THEREFORE, I, CORAZON C. AQUINO, President of the Republic of the Philippines, do hereby direct:

SECTION 1. All national government agencies which have provided in the past medical and incentive allowances to their personnel are hereby authorized to continue the payment of said benefits on the same basis and amounts as in the previous year.

SECTION 2. The payment of said benefits shall depend on the availability of savings from funds previously released and shall not require additional releases from the National Treasury

SECTION 3. The Ministry of Budget and Management shall provide the necessary guidelines for the implementation of this Executive Order.

SECTION 4. This Executive Order shall take effect immediately.

Manila, December 24, 1986

(Sgd.) **CORAZON C. AQUINO**
President of the Philippines

By the President:
(Sgd.) **JOKER P. ARROYO**
Executive Secretary

Source: **Presidential Management Staff**

Office of the President of the Philippines. (1986). *[Executive Order Nos.: 1 - 170]*. Manila: Presidential Management Staff.

MALACAÑANG
MANILA

EXECUTIVE ORDER NO. 111
AMENDING CERTAIN PROVISIONS OF THE LABOR CODE OF THE PHILIPPINES, AS AMENDED

WHEREAS, the welfare of the workers is a primary concern of the government;

WHEREAS, it is necessary to amend or repeal provisions of laws that repress the rights of workers and of their trade unions;

NOW, THEREFORE, I, CORAZON C. AQUINO, President of the Philippines, do hereby order:

SECTION 1. Articles 60 and 61 of the Labor Code of the Philippines are hereby amended to read as follows:

> "ART. 60. Employment of apprentices. Only employers in the highly technical industries may employ apprentices and only in apprenticeable occupations approved by the Minister of Labor and Employment."
>
> "ART. 61. Contents of apprenticeship agreements. Apprenticeship agreements, including wage rates of apprentices, shall conform to the rules issued by the Minister of Labor and Employment. The period of apprenticeship shall not exceed six months. Apprenticeship agreements providing for wage rates below the legal minimum wage, which in no case shall start below 75 per cent of the applicable minimum wage, may be entered into only in accordance with apprenticeship programs duly approved by the Minister of Labor and Employment. The Ministry shall develop standard model programs of apprenticeship."

SECTION 2. Article 128(b) of the Labor Code of the Philippines is hereby further amended to read as follows:

> "(b) The provisions of Article 217 of this Code to the contrary notwithstanding and in cases where the relationship of employer-employee still exists, the Minister of Labor and Employment or his duly authorized representatives shall have the power to order and administer, after due notice and hearing, compliance with the labor standards provisions of this Code and other labor legislation based on the findings of labor regulation officers or industrial safety engineers made in the course of inspection, and to issue writs of execution to the appropriate authority for the enforcement of their order, except in cases where the employer contests the findings of the labor regulation officer and raises issues which cannot be resolved without considering evidentiary matters that are not verifiable in the normal course of inspection."

SECTION 3. Paragraph (c) of Article 211 of the Labor Code of the Philippines is hereby amended to read as follows

> "(c) To foster the free and voluntary organization of a strong and united labor movement;"

SECTION 4. Paragraph (c) of Article 234 of the Labor Code of the Philippines is hereby further amended to read as follows:

> "(c) The names of all its members comprising at least 20 per cent of all the employees in the bargaining unit where it seeks to operate;"

SECTION 5. The provisions of Article 238 and the second paragraphs of Articles 239 and 241 of the Labor Code of the Philippines relating to the restructuring of the labor movement along one-union-one industry policy, are hereby repealed.

SECTION 6. Article 245 of the Labor Code of the Philippines is hereby amended to read as follows:

> "ART. 245. Right of employees in the public service. Employees of government corporations established under the Corporation Code shall have the right to organize and to bargain collectively with their respective employees. All other employees in the civil service shall have the right to form associations for purposes not contrary to law."

SECTION 7. Articles 257 and 258 of the Labor Code of the Philippines are hereby amended to read as follows:

> "ART. 257. Representation issues in organized establishments. In organized establishments, when a petition questioning the majority status of the incumbent bargaining agent is filed before the Ministry within the sixty-day period before the expiration of the collective bargaining agreement, the Med-Arbiter shall automatically order an election by secret ballot to ascertain the will of the employees in the appropriate bargaining unit. To have a valid election, at least a majority of all eligible voters in the unit must have cast their votes. The labor union receiving the majority of the valid votes cast shall be certified as the exclusive bargaining agent of all the workers in the unit. When an election which provides for three or more choices results in no choice receiving a majority of the valid votes cast, a run-off election shall be conducted between the choices receiving the two highest number of votes."
>
> "ART. 258. Petitions in unorganized establishments. In any establishments where there is no certified bargaining agent, the petition for certification election filed by a legitimate labor organization shall be supported by the written consent of at least twenty (20%) per cent of all the employees in the bargaining unit. Upon receipt and verification of such petition, the Med-Arbiter shall automatically order the conduct of a certification election."

SECTION 8. Paragraphs (c) and (f) of Article 264 of the Labor Code of the Philippines are hereby further amended to read as follows:

> "(c) In cases of bargaining deadlocks, the duly certified or recognized bargaining agent may file a notice of strike or the employer may file a notice of lockout with the Ministry at least 30 days before the intended date thereof. In cases of unfair labor practice, the period of notice shall be 15 days and in the absence of a duly certified or recognized bargaining agent, the notice of strike may be filed by any legitimate labor organization in behalf of its members. However, in case of dismissal from employment of union officers duly elected in accordance with the union constitution and by-laws, which may constitute union busting where the existence of the union is threatened, the 15-day cooling-off period shall not apply and the union may take action immediately."
>
> "(f) A decision to declare a strike must be approved by a majority of the total union membership in the bargaining unit concerned, obtained by secret ballot in meetings or referenda called for that purpose. A decision to declare a lockout must be approved by a majority of the board of directors of the corporation or association or of the partners in a partnership, obtained by secret ballot in a meeting called for that purpose. The decision shall be valid for the duration of the dispute based on substantially the same grounds considered when the strike or lockout vote was taken. The Ministry may, at its own initiative or upon the request of any affected party, supervise the conduct of the secret balloting. In every case, the union or the employer shall furnish the Ministry the results of the voting at least seven days before the intended strike or lockout, subject to the cooling-off period herein provided."

SECTION 9. Paragraph (d) of Article 265 of the Labor Code of the Philippines is hereby further amended to read as follows:

> "(d) No public official or employee, including officers and personnel of the New Armed Forces of the Philippines or the Integrated National Police, or armed person, shall bring in, introduce or escort in any manner any individual who seeks to replace strikers in entering or leaving the premises of a strike area, or work in place of the strikers. The police force shall keep out of the picket lines unless actual violence or other criminal acts occur therein: Provided, That nothing herein shall be interpreted to prevent any public officer from taking any measure necessary to maintain peace and order, protect life and property, and/or enforce the law and legal orders."

SECTION 10. The Ministry of Labor and Employment shall cause the renumbering of the affected provisions of the Labor Code of the Philippines, as amended.

SECTION 11. The Ministry of Labor and Employment shall promulgate the necessary rules and regulations to implement the provisions of this Executive Order.

SECTION 12. Letter of Instructions No. 1458 dated May 1, 1985 is hereby repealed insofar as it allows management to replace striking workers who defy return-to work orders. All other laws, orders,

issuances, rules and regulations or parts thereof inconsistent with this Executive Order are hereby repealed or modified accordingly.

SECTION 13. This Executive Order shall take effect fifteen (15) days after its publication in the Official Gazette.

Done in the City of Manila, this 24th day of December, in the year of Our Lord, nineteen hundred and eighty-six.

(Sgd.) **CORAZON C. AQUINO**

By the President:
(Sgd.) **JOKER P. ARROYO**
Executive Secretary

Source: **Presidential Management Staff**

Office of the President of the Philippines. (1986). *[Executive Order Nos.: 1 - 170]*. Manila: Presidential Management Staff.

MALACAÑANG
MANILA

EXECUTIVE ORDER NO. 112
PLACING ALL BUDGET OFFICERS OF PROVINCES, CITIES AND MUNICIPALITIES UNDER THE ADMINISTRATIVE CONTROL AND TECHNICAL SUPERVISION OF THE MINISTRY OF BUDGET AND MANAGEMENT

WHEREAS, both the national and local government budgets are vital instruments in the attainment of the new Government's reconstruction program and development priorities;

WHEREAS, with the emphasis on countryside development, the Ministry of Budget and Management should take a greater role in strictly reviewing the budgets of local government units and closely monitoring the budgetary process of local governments;

WHEREAS, the budget officers of local government units are indispensable officials in the role of the Ministry of Budget and Management in assuring that local budgets are prepared and implemented in consonance with national goals;

WHEREAS, it is, therefore, necessary to place all local budget officers under the administrative control and technical supervision of the Ministry of Budget and Management.

NOW, THEREFORE, I, CORAZON C. AQUINO, President of the Republic of the Philippines, do hereby direct:

SECTION 1. All budget officers of provinces, cities and municipalities shall be appointed henceforth by the Minister of Budget and Management upon recommendation of the local chief executive concerned, subject to civil service law, rules and regulations, and they shall be placed under the administrative control and technical supervision of the Ministry of Budget and Management.

SECTION 2. The present compensation and other benefits of budget officers of provinces, cities and municipalities shall be maintained and paid in full by the National Government. The amount necessary for CY 1987 shall be drawn from the Compensation and Organizational Adjustment Fund (COAF) authorized under Executive Order No. 87. Thereafter, such sums as may be necessary to cover the personnel benefits cost for local budget officers shall be included in the annual appropriations of the Ministry of Budget and Management.

SECTION 3. The present functions of the budget officers of provinces, cities and municipalities under P.D. No. 1375 and P.D. No. 477 are hereby retained subject to policy guidelines as may be issued from time to time by the Minister of Budget and Management.

SECTION 4. All laws, decrees, executive orders, rules and regulations which are inconsistent with this Executive Order are hereby repealed, altered or modified accordingly.

SECTION 5. This Executive Order shall take effect immediately.

Done in the City of Manila, this 24th day of December, in the year of Our Lord, Nineteen Hundred and Eighty-Six.

(Sgd.) **CORAZON C. AQUINO**

By the President:
(Sgd.) **JOKER P. ARROYO**
Executive Secretary

Source: **Presidential Management Staff**

Office of the President of the Philippines. (1986). *[Executive Order Nos.: 1 - 170].* Manila: Presidential Management Staff.

MALACAÑANG
MANILA

EXECUTIVE ORDER NO. 113
ESTABLISHING THE COMPREHENSIVE AGRICULTURAL LOAN FUND (CALF), CREATING THE AGRICULTURAL CREDIT POLICY COUNCIL (ACPC) AND FOR OTHER PURPOSES

WHEREAS, it is important to streamline all policies and measures on agricultural credit in consonance with the overall economic objectives of the National Government;

WHEREAS, such economic objectives require that agricultural development be pursued with greater determination through the provision of adequate financing and other incentives;

WHEREAS, credit funds intended for agricultural and agriculture-related purposes are presently diversely managed, and their utilization could better be optimized if they were consolidated;

NOW, THEREFORE, I, CORAZON C. AQUINO, President of the Philippines, do hereby order:

SECTION 1. Declaration of Policy. – It is hereby declared the policy of the State to spur agricultural development through the provision of financial and other incentives to encourage investments in agriculture.

SECTION 2. Consolidation of Agriculture and Agriculture-Related Loanable Funds. – All existing and future loan funds that are agricultural and agriculture-related in nature shall be consolidated under one fund to be called "Comprehensive Agricultural Loan Fund" (CALF) which shall be composed of: 1) government-owned funds presently being administered by the Central Bank; 2) loanable funds for agricultural commodities and activities being administered by government agencies, corporations and banks that are sourced from the National Treasury; and 3) funding of foreign assisted projects, which shall be subject to negotiation with the respective foreign institutions, in consultation with the Central Bank and the National Economic and Development Authority: Provided, That funds emanating from foreign sources, where the Central Bank of the Philippines is the original or ultimate borrower, shall not, together with the counterpart funds thereof, be covered by this Executive Order.

The Comprehensive Agricultural Loan Fund (CALF) may be augmented through other sources such as general appropriations, loans, donations and grants within and outside the country.

SECTION 3. Termination of Agreements. – Upon the effectivity of this Executive Order, all agreements providing for the administration of government-owned and/or National Treasury-sourced funds which are herein being directed to be transferred to the Comprehensive Agricultural Loand Fund (CALF), shall be deemed terminated, and all government agencies concerned, including the Central Bank of the Philippines, shall take steps, in no case later than one (1) month from effective date hereof, for the smooth and expeditious transfer to the Comprehensive Agricultural Loan Fund (CALF) of said funds, as well as all assets and liabilities of such funds, including but not necessarily limited to the funds listed in Annex "A" hereof.

Upon the transfer of the said funds to the Comprehensive Agricultural Loan Fund (CALF), the Ministry of Agriculture and Food (MAF) shall assume all rights and obligations as may pertain to the administration of the funds transferred to the Comprehensive Agricultural Loan Fund (CALF); Provided, That the termination of the various agreements shall not affect the obligations incurred by third parties, which obligations shall continue to be in force and effect until such time that such obligations are fully liquidated.

Funds involved in foreign-assisted projects may be transferred to the Comprehensive Agricultural Loan Fund (CALF) subject to negotiations with the respective foreign institutions concerned.

SECTION 4. Management and Utilization of the Comprehensive Agricultural Loan Fund (CALF). – The Comprehensive Agricultural Loan Fund (CALF) shall be under the control and supervision of the Ministry of Agriculture and Food (MAF). The Ministry of Agriculture and Food (MAF), which shall be directly responsible for the management of the Comprehensive Agricultural Loan Fund (CALF), is hereby authorized to do any and all such acts as will assure judicious and proper management of the Comprehensive Agricultural Loan Fund (CALF), including the designation of a Trustee Bank which, upon the direction of the Ministry of Agriculture and Food (MAF), shall invest the unencumbered cash resources of the Comprehensive Agricultural Loan Fund (CALF) not required for current operating purposes for the account of the Comprehensive Agricultural Loan Fund (CALF) in bonds and other securities issued by institutions duly authorized to issue the same and/or guaranteed by the Philippine Government.

The Ministry of Agriculture and Food (MAF) shall administer the Comprehensive Agricultural Loan Fund (CALF): Provided, That the Ministry of Agriculture and Food (MAF) shall in no case lend any portion of the Comprehensive Agricultural Loan Fund (CALF) directly to end-users, but shall continue to administer such funds through the banking system, except in the cases of the Guarantee Fund for Small and Medium Enterprises (GFSME) and the Quedan Guarantee Fund Board (QGFB), without prejudice to providing a guaranty system from an appropriate source. Any Comprehensive Agricultural Loan Fund (CALF) earnings may be utilized by the Ministry of Agriculture and Food (MAF) for agriculture projects and agriculture-related activities including those of the Agricultural Credit Policy Council (ACPC) as the Ministry of Agriculture and Food (MAF) may deem necessary.

SECTION 5. Creation of the Agricultural Credit Policy Council (ACPC). – The Agricultural Credit Policy Council (ACPC), hereinafter referred to as the "Council", is hereby established to replace the Presidential Committee on Agricultural Credit (PCAC) and the Technical Board for Agricultural Credit (TBAC).

The Council shall be composed of: The Minister, Ministry of Agriculture and Food, as Chairman; the Governor, Central Bank of the Philippines, as Vice-Chairman; the Director-General, National Economic and Development Authority; the Minister, Ministry of Budget and Management; and the Minister, Ministry of Finance, as members.

The Council may call on any instrumentalities of the Government for assistance and support in the form of human technical and financial resources toward the attainment of the Policy of the State.

The Council shall assist the Ministry of Agriculture and Food (MAF) in synchronizing all credit policies and programs in support of the Ministry of Agriculture and Food's (MAF) priority programs covering such activities as:

a) land development/improvement and farm production
b) farm mechanization
c) production and supply of agricultural inputs
d) transportation and storage
e) processing
f) marketing and other related activities
g) small farm financing
h) resource mobilization

The Council shall review and evaluate the economic soundness of all on-going and proposed agricultural credit programs. All proposed agricultural credit programs shall have the prior approval of the Council before submission to the approving or funding agency, whether domestic or foreign.

The Council shall receive all reports and documents of all programs with agricultural credit and financing components

The Council shall undertake measures of increasing its fund base and of adopting other liquidity, interest stabilization and risk cover mechanisms for its various financing programs in consultation with the Monetary Board.

SECTION 6. Officers of the Council. – The Chairman shall have the power and responsibility of administering, directing and managing the implementation of the policies of the Council.

An Executive Director shall be appointed by the Council. The Executive Director shall implement the programs, projects and decisions of the Council as well as prepare an organizational plan and plantilla of personnel subject to have approval of the Council.

The Council may appoint one or more Directors, who shall assist the Executive Director in the performance of his duties.

The Council shall hire such other personnel as may be necessary for the performance of its basic functions. All positions shall be subject to Civil Service rules and regulations and the Office of Compensation and Position Classification except positions which are highly technical, policy determining, or primarily confidential.

SECTION 7. Separability Clause. – Any portion or provision of this Executive Order that may be declared unconstitutional shall not have the effect of nullifying the other provisions thereof: Provided, That such remaining portions can still be given effect in their entirety to accomplish the objectives of this Executive Order.

SECTION 8. Repealing Clause. – All laws, orders, issuances, rules, regulations or parts thereof, which are inconsistent with any of the provisions of this Executive Order are hereby repealed or modified.

SECTION 9. Effectivity. – This Executive Order shall take effect immediately.

Done in the City of Manila, this 24th day of December, in the year of Our Lord, nineteen hundred and eighty-six.

(Sgd.) **CORAZON C. AQUINO**

By the President
(Sgd.) **JOKER P. ARROYO**
Acting Executive Secretary

Reference: Annex A

Source: **Presidential Management Staff**

Office of the President of the Philippines. (1986). *[Executive Order Nos.: 1 - 170]*. Manila: Presidential Management Staff.

MALACAÑANG
MANILA

EXECUTIVE ORDER NO. 114
AUTHORIZING THE RELEASE OF ₱487 MILLION TO THE SUGAR REGULATORY ADMINISTRATION TO LIQUIDATE UNPAID NATIONAL SUGAR TRADING CORPORATION OBLIGATIONS TO SUGAR PRODUCERS FOR THE CROP YEAR 1984-1985 AND FOR OTHER PURPOSES.

WHEREAS, it is the policy of the State to rationalize the sugar industry and protect its growth and development which is a major component of the socio-economic and political structure of the country;

WHEREAS, under Executive Order No. 18, the Sugar Regulatory Administration was created to carry out such policy of the State, and absorb the functions and jurisdiction of the Philippine Sugar Commission which has been abolished;

WHEREAS, the then Philippine Sugar Commission issued Circular Letter No. EC-4-85 classifying all sugar produced from March 4, 1985 to the end of the 1984-1985 crop milling season as domestic sugar, and requiring that all such produced sugar turned over to the National Sugar Trading Corporation, a wholly-owned subsidiary of the Philippine Sugar Commission under Presidential Decree No. 1192, at a liquidation price of ₱300.00 per picul;

WHEREAS, upon assumption of the Sugar Regulatory Administration of its mandated functions and after the sale of sugar stocks found in the National Sugar Trading Corporation warehouses, the proceeds of which were paid pro-rata to producers-claimants, there remained an unpaid principal obligation of approximately ₱487 million due to these producers-claimants;

WHEREAS, because of the non-payment of these unliquidated obligations, the accounts of the producers-claimants with financing banks in connection with the 1984-1985 crop loans are now in arrears, in view of which they cannot obtain additional loans to enable them to continue producing sugar this year and in the future;

WHEREAS, it is in the national interest that the 1984-1985 crop and operational loan accounts be settled to maintain the viability of participating credit institutions, restore the credit standing of the affected sugar producers and, in line with the government's drive to alleviate the living conditions of large but poorer segments of our people in the sugar-producing regions who are dependent on the sugar industry for their daily existence.

NOW, THEREFORE, I, CORAZON C. AQUINO, President of the Philippines, do hereby order:

SECTION 1. The Commission on Audit shall conduct a detailed audit of the National Sugar Trading Corporation accounts and upon completion shall issue a certificate on the net unpaid principal obligations of the National Sugar Trading Corporation to sugar producers pertaining to crop year 1984-1985.

SECTION 2. The Ministry of Budget and Management shall, upon receipt of the Commission on Audit certification, immediately cause the release of the amount of ₱487 million as subsidy to the Sugar Regulatory Administration, chargeable against any funds in the National Treasury not otherwise appropriated, for the purpose of liquidating the unpaid obligations of the National Sugar Trading Corporation to the sugar producers and for them to settle their accounts with financing institutions.

SECTION 3. The Sugar Regulatory Administration, in coordination with the Commission on Audit, shall issue rules and regulations to implement this Executive Order. Such rules and regulations shall include provisions which will insure that payments made by the Sugar Regulatory Administration to producers-claimants are, in turn, remitted to creditor banks/financial institutions to liquidate their obligations, if they have any.

SECTION 4. The Sugar Regulatory Administration shall submit an accounting of the disbursements from the released amount of ₱487 million to the Office of the President, through the Ministry of Finance, as certified by the Commission on Audit. Any excess amount after all liabilities of the National Sugar Trading Corporation have been fully settled shall be turned over to the Bureau of the Treasury for credit to the general fund.

SECTION 5. This Executive Order is designed to have a social impact. In line, therefore, with the Social Amelioration program of the government, the releases to the sugar producers-claimants of the amount of ₱487 million is conditioned upon the implementation of the recommendations of, and embodied in, the "Task Force to Study the 60-30-10 Plan involving sugar lands in Negros Occidental," that was created by Memorandum Order No. 56 dated December 11, 1986.

SECTION 6. All laws, orders, issuances, rules and regulations or parts thereof inconsistent with this Executive Order are hereby repealed or modified accordingly.

SECTION 7. This Executive Order shall take effect immediately.

Done in the City of Manila, this 24th day of December, in the year of Our Lord, nineteen hundred and eighty-six.

(Sgd.) **CORAZON C. AQUINO**

By the President:
(Sgd.) **JOKER P. ARROYO**
Executive Secretary

Source: **Presidential Management Staff**

Office of the President of the Philippines. (1986). *[Executive Order Nos.: 1 - 170]*. Manila: Presidential Management Staff.

MALACAÑANG
MANILA

EXECUTIVE ORDER NO. 115
REORGANIZING THE NATIONAL SECURITY COUNCIL AND DEFINING ITS MEMBERSHIP, FUNCTION, AND AUTHORITY AND OTHER PURPOSES.

WHEREAS, the formulation and adoption of integrated and rationalized national, foreign, military, political, economic, social and educational policies, programs, and procedures are vital to the security of the state;

WHEREAS, it is, therefore, in the national interest that an agency exists purposely to formulate and adopt policies, programs, and procedures on all matters pertaining to or affecting the national security so that judgments and actions thereon by the President may rest on sound advice and accurate information.

NOW, THEREFORE, I, CORAZON C. AQUINO, President of the Philippines, do hereby order and direct:

SECTION 1. The National Security Council (hereinafter referred to as the NSC) is hereby reorganized. It shall henceforth be composed of the President, the Vice-President and Minister of Foreign Affairs, the Executive Secretary, the Minister of National Defense, the Minister of Justice, the Minister of Labor and Employment, the Minister of Local Government, the National Security Director, the Chief of Staff of the New Armed Forces of the Philippines, and such other government officials and private citizens as the President may designate from time to time.

SECTION 2. The NSC shall have an Executive Committee composed of the President, the Vice-President and Minister of Foreign Affairs, the Executive Secretary, the Minister of National Defense, the National Security Director, the Chief of Staff of the New Armed Forces of the Philippines and such other members or advisers as the President may designate from time to time.

The Executive Committee shall review national security and defense problems and formulate positions and/or solutions for consideration by the NSC. It shall determine the agenda and order of business of the NSC, and shall ensure that decisions of the NSC are clearly communicated to the agencies involved. It shall advise the President on the implementation of decisions.

To carry out the functions of the Executive Committee, the Chairman shall utilize the facilities and expertise of any of the government agencies and instrumentalities and shall promulgate rules and regulations to govern the operation of the Executive Committee.

SECTION 3. The NSC shall be the lead agency of the government for coordinating the formulation of policies, relating to or with implications on the national security.

SECTION 4. The President shall preside over the meetings of the NSC and the Executive Committee: PROVIDED, that in his/her absence, he/she may designate a member of the Council to so preside in his/her stead.

SECTION 5. The Council shall have a permanent Secretariat which shall be under the supervision and control of the National Security Director. The National Security Director shall be assisted by a Deputy who, like the National Security Director, shall be appointed by, and serve at the pleasure of, the President. The National Security Director shall attend and participate in meetings of the Cabinet and have the privileges of a member thereof.

SECTION 6. The National Security Director, in conjunction with the Minister of Budget and Management, is hereby authorized to organize the Secretariat, prepare its plans, budget, staff and personnel. The National Security Director shall likewise promulgate the rules and regulations to govern the operation of both the Council and the Secretariat: PROVIDED, that the said budget and staffing pattern and the rules and regulations shall be effective only upon their approval by the President.

SECTION 7. Among other duties, the National Security Director shall advise the President on matters pertaining to national security and, whenever directed by the President, see to the implementation of decisions and policies adopted by the President and/or the National Security Council which have implementations on national security.

SECTION 8. In addition to such specific duties and responsibilities as the President may direct, it shall be the duty of the NSC –

1. to advise the President with respect to the integration of domestic, foreign, military, political, economic, social, and educational policies relating to the national security so as to enable all concerned ministries, departments, and agencies of the government to meet more effectively, problems and matters involving the national security;
2. to evaluate and analyze all information, events, and incidents in terms of the risks they pose or implications upon and/or threats to the overall security and stability of the nation, for the purpose of recommending to the President appropriate responses thereto and/or action thereon;
3. to formulate and coordinate the implementation of policies on matters of common interest to the various ministries, departments, and agencies of the government concerned with the national security, and to make recommendations to the President in connection therewith;
4. to insure that policies adopted by the NSC on national security are effectively and efficiently implemented;
5. to make such recommendations and/or render such other reports as the President may from time to time direct.

SECTION 9. The National Intelligence Coordinating Agency (NICA), as now organized and existing shall give support and assistance to the NSC.

SECTION 10. All provisions of PD 1498 on the National Security Council of the New Society and all other laws, decrees, executive orders, letters of instructions, and like edicts which are inconsistent with this Executive Order are hereby repealed.

SECTION 11. This Executive Order shall take effect immediately.

DONE in the City of Manila, this 24th day of December, in the year of Our Lord, nineteen hundred and eighty-six.

(Sgd.) **CORAZON C. AQUINO**

By the President:
(Sgd.) **JOKER P. ARROYO**
Executive Secretary

Source: **Presidential Management Staff**

Office of the President of the Philippines. (1986). *[Executive Order Nos.: 1 - 170].* Manila: Presidential Management Staff.

OFFICE OF THE PRESIDENT
OF THE PHILIPPINES
MALACAÑANG

EXECUTIVE ORDER NO. 116
RENAMING THE MINISTRY OF AGRICULTURE AND FOOD AS MINISTRY OF AGRICULTURE, REORGANIZING ITS UNITS, INTEGRATING ALL OFFICES AND AGENCIES WHOSE FUNCTIONS RELATE TO AGRICULTURE AND FISHERY INTO THE MINISTRY AND FOR OTHER PURPOSES

RECALLING that the reorganization of the government is mandated expressly in Article II, Section 1 (a), and Article III of the Freedom Constitution;

HAVING IN MIND that, pursuant to Executive Order No. 5 (1986), it is directed that necessary and proper changes in the organizational and functional structures of the government, its agencies and instrumentalities, be effected in order to promote economy, efficiency, and effectiveness in the delivery of public services;

CONSIDERING that the new government has given the highest priority to agricultural development in order to achieve equitable distribution of benefits and opportunities and to enable farmers and the rural population to maximize their contribution to the economy;

BELIEVING that the Ministry of Agriculture and Food, the government agency established to service the needs of farmers and other food producers has to be strengthened and its functions aligned consistent with its central role in the national economic recovery program;

REALIZING that offices/corporations/agencies whose functions relate to agriculture and/or food production need to be integrated into the Ministry of Agriculture to ensure a unified policy direction as well as a coordinated and rationalized approach to agricultural development;

NOW, THEREFORE, I, CORAZON C. AQUINO, President of the Philippines, by virtue of the powers vested in me by the sovereign will of the Filipino people and the Freedom Constitution, do hereby order:

SECTION 1. Title. This Executive Order shall otherwise be known as the Reorganization Act of the Ministry of Agriculture and Food.

SEC. 2. Reorganization. The Ministry of Agriculture and Food is hereby renamed as Ministry of Agriculture, hereinafter referred to as Ministry, and hereby reorganized, structurally and functionally, in accordance with the provisions of this Executive Order.

SEC. 3. Declaration of Policy. It shall be the policy of the State to promote the well-being of farmers (including the share tenants leaseholders, settlers, fishermen and other rural workers) by providing an environment in which they can increase their income, improve their living conditions and maximize their contributions to the national economy. It shall be the policy to accelerate agricultural development and enhance the production of agricultural crops, fisheries and livestock by optimizing the use of resources and applying advanced farming systems/modern technology with the end in view of attainting food security for domestic use and expanding/diversifying agricultural production for export. It shall also be the policy to encourage private initiative in agri-business ventures both in the production and the exportation/importation of food and other allied commodities.

SEC. 4. Mandate. The Ministry is the government agency responsible for the promotion of agricultural development by providing the policy framework, public investments, and support services needed for domestic and export-oriented business enterprises.

In the fulfillment of this role, it shall be the primary concern of the Ministry to improve farm income and generate work opportunities for farmers/fishermen and other rural workers. It shall encourage people's participation in agricultural development through sectoral representation in agricultural policy-making bodies so that Ministry policies, plans and programs are formulated/executed to satisfy their needs.

It shall also use a bottom-up self-reliant farm systems approach that will emphasize social justice, equity, productivity and sustainability in the use of agricultural resources.

SEC. 5. Powers and Functions. To accomplish its mandate, the Ministry shall have the following powers and functions:

(a) It shall provide integrated services to farmers/fishermen and other food producers on production, utilization, conservation and disposition of agricultural and fishery resources;
(b) It shall be responsible for the planning, policy formulation, regulation, execution, monitoring and/or programs/activities relating to agriculture/food production and supply;
(c) It shall promulgate and enforce all laws, rules, and regulations governing the conservation and proper utilization of agricultural and fishery resources;
(d) It shall establish central and regional information systems to serve the production, marketing and financing data requirements of the farmers as well as domestic and foreign investors in agribusiness ventures;
(e) It shall provide comprehensive and effective extension services and training to farmers and other agricultural entrepreneurs on the production, marketing and financing aspects of agricultural enterprises;
(f) It shall conduct, coordinate and disseminate research studies on appropriate technologies for the improvement/development of agricultural crops, fisheries and other allied commodities;
(g) It shall provide the mechanism for the participation of farmers/fishermen and entrepreneurs at all levels of policy making and plan/program formulation;
(h) It shall coordinate with and/or call upon other public and private agencies for cooperation and assistance on matters affecting Ministry plans, policies and programs.

SEC. 6. Structural Organization. The Ministry, in addition to the Ministry Proper comprising the Office of the Minister, the Offices of the Deputy and Assistant Ministers, their immediate staffs as determined by them respectively, the Planning and Monitoring Group and the Support Group, shall consist of the Services, Bureaus, and Regional, Provincial, Municipal and Barangay Offices.

SEC. 7. Minister of Agriculture. The authority and responsibility for the exercise of the mandate of the Ministry and for the discharge of its powers and functions shall be vested in the Minister of Agriculture, hereinafter referred to as Minister, who shall have supervision and control of the Ministry and shall be appointed by the President. For such purposes, the Minister shall have the following functions:

(a) Advise the President on the promulgation of rules, regulations and other issuances relative to agriculture and fishery;
(b) Establish policies and standards for the efficient and effective operations of the Ministry in accordance with the programs of the government;

(c) Promulgate rules, regulations and other issuances necessary in carrying out the Ministry's mandate, objectives, policies, plans, programs, and projects;
(d) Exercise supervision and control over all functions and activities of the Ministry;
(e) Delegate authority for the performance of any administrative or substantive function to any Deputy Minister or other officers of rank at the Ministry Proper;
(f) Perform other functions as may be provided by law or assigned appropriately by the President.

SEC. 8. Office of the Minister. The Office of the Minister shall consist of the Minister and his immediate staff as determined by him.

SEC. 9. Assistance to Minister. The Minister shall be assisted by five (5) Deputy Ministers, five (5) Assistant Ministers, the head of the National Food Authority, and the Philippine Coconut Authority who shall have the rank of Deputy Ministers; and such number of Deputy and Assistant Ministers, who shall be appointed by the President upon the recommendation of the Minister.

SEC 10. Deputy Ministers. The Deputy Ministers shall assist the Minister in the exercise of the mandate and discharge of the powers and functions of the Ministry.

The five (5) Deputy Ministers shall be assigned the following functions:

(a) The Deputy Minister assigned to Regional Operations shall oversee the implementation of the agricultural plans, policies, programs and projects of the Ministry's regional and field offices;
(b) The Deputy Minister assigned to Staff Operations shall provide staff support services, particularly in administration and finance, production, research, training and extension;
(c) The Deputy Minister assigned to Policy and Planning shall provide policy and planning support services, particularly in policy formulation/planning, and agri-business;
(d) The Deputy Minister assigned to Attached Agencies shall exercise supervision over the attached agencies to ensure that their operations are in conformity with the approved plans and policies of the Ministry;
(e) The Deputy Minister assigned to the Special Concerns shall handle priority areas identified by the Minister for special attention.

SEC 11. Functions of Deputy Minister. With respect to his area of responsibility, a Deputy Minister shall have the following functions:

(a) Advise the Minister in the promulgation of Ministry orders, administrative orders and other issuances, with respect to his area of responsibility;
(b) Exercise supervision and control over the offices, services, operating units and officers (the term "officer" as used in this Executive Order is intended to be within the meaning of the term "official" as used in the Freedom Constitution) and employees under his responsibility;
(c) Promulgate rules and regulations, consistent with Ministry policies, that will efficiently and effectively govern the activities of units under his responsibility;
(d) Coordinate the functions and activities of the units under his responsibility with those of other units under the responsibility of other Deputy Ministers;
(e) Exercise delegated authority on substantive and administrative matters related to the functions and activities of units under his responsibility to the extent granted by the Minister through administrative issuances;

(f) Perform other functions as may be provided by law or assigned appropriately by the Minister.

SEC. 12. Assistant Ministers. Each of the five (5) Assistant Ministers shall head one of the Groups mentioned in Section 13 to 17 hereof and, in connection therewith, shall have the following functions:

(a) The Assistant Minister assigned to the Production Group shall be responsible for providing services relating to planning, programming and project development of agricultural production. This group shall consist of the Bureaus of Animal Industry, Plant Industry, Fisheries and Aquatic Resources, and Soils and Water Management;
(b) The Assistant Minister assigned to the Agri-Business Group shall be responsible for assisting farmers and other agri-business ventures by providing marketing assistance and investment information. This group shall consist of Marketing Assistance Services and Agri-Business Investment Information Services;
(c) The Assistant Minister assigned to the Research, Training and Extension Group shall be responsible for conducting research and training as well as providing assistance in the establishment of agricultural cooperatives. This group shall be composed of Bureau of Agricultural Research (BAR), Agricultural Training Institute (ATI) and Bureau of Agricultural Cooperatives Development (BACOD);
(d) The Assistant Minister assigned to the Planning and Monitoring Group shall take charge of developing, integrating, monitoring and evaluating all plans and programs of the Ministry; shall collect, monitor, and publish agricultural statistics for the Ministry and its clientele. This group shall be composed of Planning and Monitoring Services, Computer Services and Bureau of Agricultural Statistics;
(e) The Assistant Minister assigned to the Support Group shall take charge of providing staff support services in finance, administration and management; shall handle the legal requirements of the Ministry Proper and its Bureaus. This shall be composed of Financial and Management Services and the Administrative Services.

The five (5) Assistant Ministers shall perform such other functions as may be assigned appropriately by the Minister.

SEC. 13. Production Group. The following Bureaus shall comprise the Production Group:

(a) Bureau of Animal Industry: The Bureau of Animal Industry shall formulate long- and short-range programs for the development and expansion of the livestock, poultry and dairy industries to meet the protein requirements of the growing populace; recommend the specific policies and procedures governing the flow of livestock products through the various stages of marketing, as well as the proper preservation and inspection of such products; coordinate and monitor the activities and projects relating to livestock and allied industries; prescribe standards for quality in the manufacture, importation, labelling, advertising, distribution, and sale of livestock, poultry and allied industries; for its own sector, recommend plans, programs, policies, rules and regulations to the Minister and provide technical assistance in the implementation of the same;
(b) Bureau of Plant Industry: The Bureau of Plant Industry shall be responsible for the production planning of improved planting materials, protection of agricultural crops from pests and diseases, and development and improvement of farm equipment and other related structures

to the plant industry; prepare a program for the selection, production and certification of improved planting materials as well as guidelines for its implementation; recommend plant quarantine policies, and prescribe rules and regulations for the prevention, control and eradication of pests, diseases, and injuries to plants and plant products; for its own sector, recommend plans, programs, policies, rules and regulations to the Minister and provide technical assistance in the implementation of the same;

(c) Bureau of Fisheries and Aquatic Resources: The Bureau of Fisheries and Aquatic Resources shall formulate plans for the proper management, accelerated development, and proper utilization of the country's fishery and aquatic resources; for this purpose, undertake studies on the economics of various phases of the fishing industry to form the bases for the formulation of policies and programs on fisheries and aquatic resources; render technical assistance and advisory services in the proper procurement, construction, and operation of the fishing vessels as well as determination and designation of fish landing points for all commercial fishing boats; for its own sector, recommend plans, programs, policies, rules and regulations to the Minister and provide technical assistance in the implementation of the same;

(d) Bureau of Soils and Water Management: The Bureau of Soils and Water Management shall advise and render assistance on matters relative to the utilization and management of the soils and water as vital agricultural resources; formulate measures and guidelines for effective soil, land, and water resource utilization, as well as soil conservation in croplands and other agricultural areas; undertake soil research programs; coordinate with the relevant government agencies in resettlement areas and prepare the necessary plans for the provision of technical assistance in solving of soil impounding and prevention of soil erosion, fertility preservation, and other related matters; engage in rainmaking projects for agricultural areas and watersheds to solve the problem of prolonged droughts and minimize their effects on standing agricultural crops; for its own sector, recommend plans, programs, policies, rules and regulations to the Minister and provide technical assistance in the implementation of the same.

SEC. 14. Research, Training and Extension Group. The following shall comprise the Research, Training and Extension Group:

(a) Bureau of Agricultural Research: The Bureau of Agricultural Research shall ensure that all agricultural research is coordinated and undertaken for maximum utility to agriculture. It shall tap farmers, farmers' organizations and research institutions, especially the state colleges and universities, in the conduct of research for use of the Ministry and its clientele, particularly the farmers/fishermen and other rural workers;

(b) Agricultural Training Institute: The Agricultural Training Institute shall be responsible for the training of all agricultural extension workers and their clientele, who are mostly farmers and other agricultural workers; ensure that training programs address the real needs of the agricultural sector; ensure that the research results are then communicated to the farmers through the appropriate training and extension activities;

(c) Bureau of Agricultural Cooperatives Development: The Bureau of Agricultural Cooperatives Development shall formulate an integrated system for development and evaluation of agricultural cooperatives; provide advise and assistance in the establishment of agricultural

cooperatives in the rural communities; evolve a program to promote the economic viability of agricultural cooperatives.

SEC. 15. Agri-Business Group. The following Services shall comprise the Agri-Business Group:

(a) Marketing Assistance Services: The Marketing Assistance Service shall be responsible for identifying markets for Philippine agricultural products; assist in the planning of market centers, marketing channels and distribution networks;
(b) Agribusiness Investment Information Services: The Agribusiness Investment Information Service shall cause the research, gather and collate data related to agribusiness such as laws and regulations, taxation, production technologies, market strategies, competition, foreign assistance, grants, credit, and new venture considerations relating to agribusiness; package information on agribusiness investment opportunities and provide sample feasibility studies for different agricultural products and markets.

SEC. 16. Planning and Monitoring Group. The following Services shall comprise the Planning and Monitoring Group:

(a) Planning and Monitoring Services: The Planning and Monitoring Service shall be responsible for the formulation and integration of plans and programs emanating from all units of the Ministry, including the Bureaus, Regional Offices and Attached Agencies; be responsible for data analysis and monitoring of the implementation of said plans and programs through its management information system;
(b) Computer Services: The Computer Service shall be responsible for the development and maintenance of the electronic data processing requirements of the Ministry;
(c) Bureau of Agricultural Statistics: The Bureau of Agricultural Statistics shall be mainly responsible for the collection, compilation and official release of agricultural statistics; exercise technical supervision over data collection centers; coordinate all agricultural statistics and economic research activities of all bureaus, corporations and offices under the Ministry.

SEC. 17. Support Group. The following shall comprise the Support Group:

(a) Financial and Management Service: The Financial and Management Service shall provide services relating to budgeting, accounting and management;
(b) Administrative Service: The Administrative Service shall be responsible for providing personnel, legal, records and other general services.

SEC. 18. Regional Offices. The Ministry is hereby authorized to establish, operate and maintain a Regional Office in each of the administrative regions of the country. Each Regional Office shall be headed by a Regional Director, to be assisted by three (3) Assistant Regional Directors, assigned to Operations, Research, and Support Services, respectively. Each Regional Office shall have, within its administrative regions, the following duties and responsibilities:

(a) Provide efficient and effective front-line service to the people;
(b) Implement in its area the laws and policies, plans, programs, projects, rules and regulations of the Ministry;

(c) Coordinate with regional offices of other ministries, offices and agencies in the region;
(d) Coordinate with local government units;
(e) Perform other functions as may be provided by law or assigned appropriately by the Minister.

At the provincial level, policies, plans, programs, projects, laws, rules and regulations of the Ministry shall be implemented by the Provincial Agriculture and Fisheries Officer and, at the municipal and barangay levels, by the Municipal Agriculture and Fisheries Officer.

SEC. 19. Attached Units.The following units are hereby attached to the Ministry:

(a) Councils/Committee:

(1) Agricultural Credit Policy Council: The Presidential Committee on Agricultural Credit and Technical Board for Agriculture Credit are hereby merged into the Agricultural Credit Policy Council in accordance with Section 22 (e) hereof;
(2) National Agricultural and Fishery Council: The National Agricultural and Fishery Council shall act as an advisory body to ensure the success of Ministry programs and activities and serve as the forum for consultative and continuing discussions within the agricultural sectors; from the national level, it shall be replicated down to the regional, provincial, and municipal levels;
(3) Philippine Technical and Administrative Committee for SEAFDEC (formerly, SEAFDEC National Board): The Philippine Technical and Administrative Committee for SEAFDEC shall be responsible for the administration and management of the SEAFDEC Aquaculture Department and shall monitor and assess the performance of research projects on fisheries and aquaculture in accordance with the policies/standards established by the SEAFDEC International Council and the Ministry;
(4) National Nutrition Council (NNC): The National Nutrition Council shall formulate, oversee and/or coordinate the implementation of an integrated national program on nutrition to be implemented by both the government and private sectors and coordinate release of funds for the national nutrition program;
(5) Livestock Development Council (LDC). The Livestock Development Council shall be responsible for the formulation and establishment of comprehensive policy guidelines for the livestock industry, preparation of plans and programs and evaluation of livestock programs/projects;

(b) Corporations/Agencies:

(1) Fertilizer and Pesticide Authority;
(2) Fiber Industry Development Authority;
(3) National Tobacco Administration;
(4) Sugar Regulatory Administration;
(5) National Food Authority and its subsidiaries;
(6) Quedan Guarantee Fund Board;
(7) Philippine Fisheries Development Authority;
(8) Philippine Rice Research Institute;
(9) Philippine Coconut Authority and its subsidiaries.

SEC. 20. Mergers. In order to promote efficiency and effectiveness in the delivery of public services, the following offices, corporations or agencies are hereby merged as follows:

(a) The Philippine Virginia Tobacco Administration, Philippine Tobacco Administration, Philippine Virginia Tobacco Board, Philippine Tobacco Board, Virginia Tobacco Fuelwood Corporation, Philippine Tobacco Research and Training Center, Virginia Flue-Curing Board, and National Tobacco Classification Council are hereby merged into the National Tobacco Administration, in accordance with Section 22 (e);
(b) The Philippine Agricultural Training Council, Philippine Training Center for Rural Development, and Bureau of Agricultural Extension are hereby merged into the Agricultural Training Institute, which shall train Ministry field technicians in extension work with emphasis on technology transfer techniques; train generalists in regional field offices; and conduct multi-level training programs to promote and accelerate rural development.

SEC. 21. Abolition. The following are hereby abolished, as follows:

(a) National Meat and Inspection Commission, and its functions are transferred to a division of the Bureau of Animal Industry, in accordance with Section 22 (b);
(b) National Artificial Rain Stimulation Committee, and its functions are transferred to a division of the Bureau of Soils and Water Management, in accordance with Section 22 (b);
(c) Farm Systems Development Corporation's functions are transferred to the respective regional offices of the Ministry, in accordance with Section 22 (b);
(d) Green Revolution Expanded Program Action Committee, in accordance with Section 22 (d).

SEC. 22. Transitory Provision. In accomplishing the acts of reorganization herein prescribed, the following transitory provisions shall be complied with, unless otherwise provided elsewhere in this Executive Order:

(a) The transfer of a government unit shall include the functions, appropriations, funds, records, equipment, facilities, choses in action, rights, other assets, and liabilities, if any, of the transferred unit as well as the personnel thereof, as may be necessary, who shall, in a hold-over capacity, continue to perform their respective duties and responsibilities and receive the corresponding salaries and benefits unless in the meantime they are separated from government service pursuant to Executive Order No. 17 (1986) or Article III of the Freedom Constitution. Those personnel of the transferred unit whose positions are not included in the Ministry's new position structure and staffing pattern approved and prescribed by the Minister or who are not reappointed shall be deemed separated from the service and shall be entitled to the benefits provided in the second paragraph of Section 23 hereof.
(b) The transfer of functions which results in the abolition of the government unit that has exercised them shall include the appropriations, funds, records, equipment, facilities, choses in action, rights, other assets and personnel as may be necessary to the proper discharge of the transferred functions. The abolished unit's remaining appropriations and funds, if any, shall revert to the General Fund and its remaining assets, if any, shall be allocated to such appropriate units as the Minister shall determine or shall otherwise be disposed in accordance with the Government Auditing code and other pertinent laws, rules and regulations. Its liabilities, if any, shall likewise be treated in accordance with the Government Auditing Code

sand other pertinent laws, rules and regulations. Its personnel shall, in a hold-over capacity, continue to perform their duties and responsibilities and receive the corresponding salaries and benefits unless in the meantime they are separated from the service pursuant to Executive Order No. 17 (1986) or Article III of the Freedom Constitution. Its personnel, whose positions are not included in the Ministry's new position structure and staffing pattern approved and prescribed by the Minister under Section 23 hereof or who are not reappointed, shall be deemed separated from the service and shall be entitled to the benefits provided in the second paragraph of the same Section 23.

(c) The transfer of functions which does not result in the abolition of the government unit that has exercised them shall include the appropriations, funds, records, equipment, facilities, choses in action, rights, other assets and personnel as may be necessary to the proper discharge of the transferred functions. The liabilities, if any, that may have been incurred in connection with the discharge of the transferred functions, shall be treated in accordance with the Government Auditing Code and other pertinent laws, rules and regulations. Such personnel shall, in a hold-over capacity, continue to perform their respective duties and responsibilities and receive the corresponding salaries and benefits unless in the meantime they are separated from the service pursuant to Executive Order No. 17 (1986) or Article III of Freedom Constitution. Any personnel, whose position is not included in the Ministry's new position structure and staffing pattern approved and prescribed by the Minister under Section 23 hereof or who has not been reappointed, shall be deemed separated from the service and shall be entitled to the benefits provided in the second paragraph of the same Section 23.

(d) In case of the abolition of a government unit which does not result in the transfer of its functions to another unit, the appropriations and funds of the abolished unit shall revert to the General Fund, while the records, equipment, facilities, choses in action, rights, and other assets, thereof shall be allocated to such appropriate units as the Minister shall determine or shall otherwise be disposed in accordance with the Government Auditing Code and other pertinent laws, rules and regulations. The liabilities of the abolished unit shall be treated in accordance with the Government Auditing Code and other pertinent laws, rules and regulations, while the personnel thereof, whose positions are not included in the Ministry's new position structure and staffing pattern approved and prescribed by the Minister under Section 23 hereof or who have not been reappointed, shall be deemed separated from the service and shall be entitled to the benefits provided in the second paragraph of the same Section 23.

(e) In case of merger or consolidation of government units, the new or surviving unit shall exercise the functions (subject to the reorganization herein prescribed and the laws, rules and regulations pertinent to the exercise of such functions) and shall acquire the appropriations, funds, records, equipment, facilities, choses in action, rights, other assets, liabilities if any, and personnel, as may be necessary, of (1) the units that compose the merged unit or (2) the absorbed unit, as the case may be. Such personnel shall, in a hold-over capacity, continue to perform their respective duties and responsibilities and receive the corresponding salaries and benefits unless in the meantime they are separated from the service pursuant to Executive Order No. 17 (1986) or Article III of the Freedom Constitution. Any such personnel, whose position is not included in the Ministry's new position structure and staffing pattern approved and prescribed by the Minister under Section 23 hereof or who is not reappointed, shall be deemed separated from the service and shall be entitled to the benefits provided in the second paragraph of the same Section 23.

(f) In case of termination of a function which does not result in the abolition of the government unit which has performed such function, the appropriations and funds intended to finance the discharge of such function shall revert to the General Fund, while the records, equipment, facilities, choses in action, rights and other assets used in connection with the discharge of such function shall be allocated to the appropriate units as the Minister shall determine or shall otherwise be disposed in accordance with the Government Auditing Code and other pertinent laws, rules and regulations. The liabilities, if any, that may have been incurred in connection with the discharge of such function shall likewise be treated in accordance with the Government Auditing Code and other pertinent laws, rules and regulations. The personnel who have performed such function, whose positions are not included in the Ministry's new position structure and staffing pattern approved and prescribed by the Minister under Section 23 hereof or who have not been reappointed, shall be deemed separated from the service and shall be entitled to the benefits provided in the second paragraph of the same Section 23.

SEC. 23. New Structure and Pattern. Upon approval of this Executive Order, the officers and employees of the Ministry shall, in a hold-over capacity, continue to perform their respective duties and responsibilities and receive the corresponding salaries and benefits unless in the meantime they are separated from government service pursuant to Executive Order No. 17 (1986) or Article III of the Freedom Constitution.

The new position structure and staffing pattern of the Ministry shall be approved and prescribed by the Minister within one hundred twenty (120) days from the approval of this Executive Order and the authorized positions created thereunder shall be filled with regular appointments by him or by the President, as the case may be. Those incumbents whose positions are not included therein or who are not reappointed shall be deemed separated from the service. Those separated from the service shall receive the retirement benefits to which they may be entitled under existing laws, rules and regulations. Otherwise, they shall be paid the equivalent of one-month basic salary for every year of service, or the equivalent nearest fraction thereof favorable to them on the basis of highest salary received, but in no case shall such payment exceed the equivalent of 12 months salary.

No court or administrative body shall issue any writ or preliminary injunction or restraining order to enjoin the separation/replacement or any officer or employee effected under this Executive Order.

SEC. 24. Periodic Performance Evaluation. The Minister is hereby required to formulate and enforce a system of measuring and evaluating periodically and objectively the performance of the Ministry and submit the same annually to the President.

SEC. 25. Notice or Consent Requirement. If any reorganizational change herein authorized is of such substance or materiality as to prejudice third persons with rights recognized by law or contract such that notice to or consent of creditors is required to be made or obtained pursuant. to any agreement entered into with any of such creditors, such notice or consent requirement shall be complied with prior to the implementation of such reorganizational change.

SEC. 26. Change of Nomenclature. In the event of the adoption of a new Constitution which provides for a presidential form of government, the Ministry shall be called Department of Agriculture and the titles of Minister, Deputy Minister, and Assistant Minister shall be changed to Secretary, Undersecretary and Assistant Secretary, respectively.

SEC. 27. Prohibition against Change. No change in the reorganization herein prescribed shall be valid except upon prior approval of the President for the purpose of promoting efficiency and effectiveness in the delivery of public services.

SEC. 28. Funding. Funds needed to carry out the provisions of this Executive Order shall be taken from funds available in the Ministry.

SEC. 29. Implementing Authority of Minister. The Minister shall issue such rules, regulations and other issuances as may be necessary to ensure the effective implementation of the provisions of this Executive Order.

SEC. 30. Separability. Any portion or provision of this Executive Order that may be declared unconstitutional shall not have the effect of nullifying other portions or provisions hereof as long as such remaining portions or provisions can still subsist and be given effect in their entirety.

SEC. 31. Repealing Clause. All laws, ordinances, rules, regulations, other issuances or parts thereof, which are inconsistent with this Executive Order, are hereby repealed or modified accordingly.

SEC. 32. Effectivity. This Executive Order shall take effect immediately upon its approval.

APPROVED in the City of Manila, Philippines, this 30th day of January, in the Year of Our Lord, Nineteen Hundred and Eighty-seven.

(Sgd.) **CORAZON C. AQUINO**

By the President:
(Sgd.) **JOKER P. ARROYO**
Executive Secretary

Source: **Presidential Management Staff**

Office of the President of the Philippines. (1987). *[Executive Order Nos.: 1 - 170]*. Manila: Presidential Management Staff.

OFFICE OF THE PRESIDENT
OF THE PHILIPPINES
MALACAÑANG

EXECUTIVE ORDER NO. 117
REORGANIZATION OF THE MINISTRY OF EDUCATION, CULTURE AND SPORTS PRESCRIBING ITS POWERS AND FUNCTIONS AND FOR OTHER PURPOSES

RECALLING that the reorganization of the government is mandated expressly in Article II, Section I (a), and Article III of the Freedom Constitution;

HAVING IN MIND that, pursuant to Executive Order No. 5 (1986), it is directed that necessary and proper changes in the organizational and functional structures of the government, its agencies and instrumentalities, be effected in order to promote efficiency and effectiveness in the delivery of public services;

CONSIDERING that education is a basic responsibility of the State as ordained in the Constitution;

TAKING NOTE that, in order to accomplish such responsibility, and guarantee an efficient and effective delivery of public services, it is imperative to reorganize and strengthen the Ministry of Education, Culture and Sports;

REALIZING that it is also necessary to redefine the mandate, powers and functions of the same Ministry to avoid any overlapping and to fix responsibilities therein;

NOW, THEREFORE, I, CORAZON C. AQUINO, President of the Philippines, by virtue of the powers vested in me by the sovereign will of the Filipino People and the Freedom Constitution, do hereby order:

SECTION 1. Title. This Executive Order shall otherwise be known as the Reorganization Act of the Ministry of Education, Culture and Sports.

SEC. 2. Reorganization. The Ministry of Education, Culture and Sports, hereinafter referred to as the Ministry, is hereby reorganized, structurally and functionally, in accordance with the provisions of this Executive Order.

SEC. 3. Declaration of Policy. It is hereby declared as a basic State policy that the education system shall make a maximum contribution to the attainment of national development goals; that the State shall promote and maintain equality of access to education and enjoyment of the benefits thereof by all citizens; and that the State shall use education as an instrument for the development of the cultural communities of the nation and the deprived communities to enrich their participation in the community and national life and to unify all Filipinos into a free and just nation.

SEC. 4. Mandate. The Ministry shall be primarily responsible for the formulation, planning, implementation and coordination of the policies, plans, programs and projects in the areas of formal and non-formal education at all levels, supervise all education institutions, both public and private, and provide for the establishment and maintenance of a complete, adequate and integrated system of education relevant to the goals of national development.

SEC. 5. Powers and Functions. To accomplish its mandate and objectives, the Ministry shall have the powers and functions of formulating, planning, implementing and coordinating the policies, plans, programs and projects for the following areas of responsibility:

(a) Elementary, secondary, physical and international kinds of education;
(b) Non-formal and vocational/technical kinds of education;
(c) Higher education;
(d) Development of culture;
(e) Foreign and locally assisted projects and other activities relative to Subsections (a), (b), (c) and (d).

SEC. 6. Structural Organization. This Ministry, aside from the Ministry Proper, shall consist of Bureaus and Regional Offices.

SEC. 7. Ministry Proper. The Ministry Proper shall consist of the following units:

(a) Office of the Minister;
(b) Planning Service – The Planning Service shall be responsible for providing the Ministry with economical, efficient, and effective services relating to planning, programming, and project development.
(c) Financial and Management Service – The Financial and Management Service shall be responsible for providing the Ministry with staff advice and assistance on budgetary, financial, and management improvement matters.
(d) Administrative Service – The Administrative Service shall be responsible for providing the Ministry with economical, efficient, and effective services relating to legal assistance, information, records, supplies, equipment, collection, disbursement, security and custodial work.
(e) Human Resources Development Service, which is hereby created to:

1. Develop and administer a personnel program which shall include selection and placement, classification and pay, career and employment development, performance rating, employee relations and welfare services.
2. Act on all matters concerning attendance, leaves of absences, appointments, promotions, and other personnel transactions.
3. Conduct training programs in the Ministry.

(f) Technical Service, which shall include the Office of the Head Executive Assistant and the Information and Publication Service – The Technical Service shall take charge of technical staff activities peculiar to a Ministry which cannot be allocated to the four (4) other services.

SEC. 8. Minister of Education, Culture and Sports. The authority and responsibility for the exercise of the mandate of the Ministry and for the discharge of its powers and functions shall be vested in the Minister of Education, Culture and Sports, hereinafter referred to as Minister, who shall have supervision and control of the Ministry and shall be appointed by the President.

SEC. 9. Office of the Minister. The Office of the Minister shall be composed of the Minister and his immediate staff as determined by him.

SEC. 10. Deputy Ministers. The Minister shall be assisted by five (5) Deputy Ministers appointed by the President upon the recommendation of the Minister, each of whom shall be responsible for each of the following areas of responsibility:

(a) Elementary education, secondary education, physical education, and international education programs and centers;

(b) Non-formal education, vocational/technical education, and youth organizations;
(c) Higher education, cultural agencies, and foreign assisted projects;
(d) Internal administration and management, and regional coordination;
(e) Legal and legislative affairs, and other attached agencies and centers.

SEC. 11. Bureau of Elementary Education. The Bureau of Elementary Education shall have the following functions:

(a) Conduct studies and formulate, develop, and evaluate programs and educational standards for elementary education;
(b) Undertake studies necessary for the preparation of prototype curricular designs, instructional materials, and teacher training program for elementary education;
(c) Formulate guidelines to improve elementary school physical plans and equipment, and general management of these schools;
(d) Perform other functions provided by law.

SEC. 12. Bureau of Secondary Education. The Bureau of Secondary Education shall have the following functions:

(a) Conduct studies and formulate, develop and evaluate programs and educational standards for secondary education;
(b) Develop curricular designs, prepare instructional materials and prepare and evaluate programs to upgrade the quality of the teaching and non-teaching staff at the secondary level;
(c) Formulate guidelines to improve the secondary school physical plants and equipment, and general management of these schools;
(d) Perform other functions provided by law.

SEC. 13. Bureau of Technical and Vocational Education. The Bureau of Technical and Vocational Education shall have the following functions:

(a) Collaborate with other agencies in formulation of manpower plans;
(b) Conduct studies, formulate, develop and evaluate post-secondary vocational-technical programs and recommend educational standards for these programs;
(c) Develop curricular designs and prepare instructional materials, prepare and evaluate programs to upgrade the quality of teaching and non-teaching staff, and formulate guidelines to improve the physical plant and equipment of post-secondary vocational-technical schools.

SEC. 14. Bureau of Higher Education. The Bureau of Higher Education shall have the following functions:

(a) Develop, formulate and evaluate programs, projects and educational standards for a higher education;
(b) Provide staff assistance to the Board of Higher Education in its policy and advisory functions;
(c) Provide technical assistance to encourage institutional development programs and projects;
(d) Compile, analyze and evaluate data on higher education;
(e) Perform other functions provided by law.

SEC. 15. Bureau of Continuing Education, hereby renamed as Bureau of Non-Formal Education. The Bureau of Continuing Education shall have the following functions:

(a) Serve as a means of meeting the learning needs of those unable to avail themselves of the educational services and program of formal education;
(b) Coordinate with various agencies in providing opportunities for the acquisition of skills necessary to enhance and ensure continuing employability, efficiency, productivity, and competitiveness in the labor market;
(c) Serve as a means of expanding access to educational opportunities to citizens of varied interests, demographic characteristics and socio-economic origins of status.

SEC. 16. Bureau of Sports Development, hereby renamed as Bureau of Physical Education and School Sports. The Bureau of Physical Education and School Sports shall have the following functions:

(a) Develop human resources through mass-based sports education;
(b) Improve the general fitness of the citizenry;
(c) Promote social and cultural integration through the revival of indigenous games and sports;
(d) Identify and nurture sports talents; and promote excellence in sports, traditional games and other physical activities.
(e) Perform other functions as may be provided by law.

SEC. 17. Attached Agencies. The following agencies are hereby attached to the Ministry:

(a) National Museum;
(b) National Library;
(c) National Historical Institute;
(d) Institute of National Language, which is hereby renamed as Institute of Philippine Languages.

SEC. 18. Supervised and Controlled Agencies. The Ministry shall exercise supervision and control over the following agencies to wit:

(a) Health and Nutrition Center;
(b) National Education Testing Center, which is hereby renamed the National Education Testing and Research Center.

SEC. 19. Reorganized and Integrated Agencies. The following agencies are hereby reorganized and integrated into other units as follows:

(a) The Child and Youth Research Center, to be integrated into the National Education Testing Center;
(b) The Population Center, to be integrated into both the Bureau of Elementary Education and the Bureau of Secondary Education;
(c) The Foreign Students and Programs Assistance Unit, to be integrated into the Bureau of Higher Education;
(d) The National Scholarship and Student Loan Center, to be integrated into the Bureau of Higher Education.

SEC. 20. The following agencies shall continue to be attached to the Ministry: Instructional Materials Corporation; Instructional Materials Council; Educational Development Projects Implementing Task Force; Educational Assistance Policy Council; National Youth and Sports Development Board; National Social Action Council; National Board for Teachers; the Boy Scouts of the Philippines; and Girl Scouts of the Philippines.

SEC. 21. State Colleges and Universities. By virtue of his chairmanship of their boards of trustees as provided in their respective charters, the Minister, directly or through his Deputy Ministers, shall continue to govern state colleges and universities.

SEC. 22. Board of Higher Education. The Board of Higher Education is hereby reactivated and mandated to articulate the policy and support frameworks for both public and private post-secondary education.

SEC. 23. Regional Offices. The Ministry is hereby authorized to establish, operate and maintain a Regional Office in each of the administrative regions of the country. Each Regional Office shall be headed by a Regional Director who shall be assisted by an Assistant Regional Director. The Regional Director shall be responsible for the School Divisions and their Superintendents within his administrative region.

A Regional Office shall have, within its administrative region, the following functions:

(a) Implement laws, rules, regulations, policies, plans, programs and projects of the Ministry;
(b) Provide efficient and effective service to the people;
(c) Coordinate with regional offices of other ministries, offices and agencies in the region;
(d) Coordinate with local government units;
(e) Perform such other functions as may be provided by law.

SEC. 24. New Structure and Pattern. Upon approval of this Executive Order, the officers (the term "officer" as used in this Executive Order is intended to be within the meaning of the term "official" as used in the Freedom Constitution and the succeeding Constitution) and employees of the Ministry shall, in a hold-over capacity, continue to perform their respective duties and responsibilities and receive the corresponding salaries and benefits unless in the meantime they are separated from the service pursuant to executive Order No. 17 (1986) or Article III of the Freedom Constitution.

The new position structure and staffing pattern of the Ministry shall be approved and prescribed by the Minister within one hundred twenty (120) days from the approval of this Executive Order and the authorized positions created thereunder shall be filed with regular appointments by him or by the President as the case may be. Those incumbents whose positions are not included therein or who are not reappointed shall be deemed separated from the service. Those separated from the service shall receive the retirement benefits to which they may be entitled under existing laws, rules and regulations. Otherwise, they shall be paid the equivalent of one month basic salary for every year of service, or the equivalent nearest fraction thereof favorable to them on the basis of highest salary received, but in no case shall such payment exceed the equivalent of 12 months salary.

No court or administrative body shall issue any writ of preliminary injunction or restraining order to enjoin the separation/replacement of any officer or employee effected under this Executive Order.

SEC. 25. Periodic Performance Evaluation. The Ministry is hereby required to formulate and enforce a system of measuring and evaluating periodically and objectively the performance of the Ministry and submit the same annually to the President.

SEC. 26. Notice or Consent Requirement. If any organizational change herein authorized is of such substance or materiality as to prejudice third persons with rights recognized by law or

contract such that notice to or consent of creditors is required to be made or obtained pursuant to any agreement entered into with any of such creditors, such notice or consent requirement shall be complied with prior to the implementation of such reorganizational change.

SEC. 27. Change of Nomenclatures. In the event of the adoption of a new Constitution which provides for a presidential form of government, the Ministry shall be called Department of Education, Culture and Sports and the titles Minister, Deputy Minister, and Assistant Minister shall be changed to Secretary, Under Secretary and Assistant Secretary, respectively.

SEC. 28. Prohibition Against Change. No change in the organization herein prescribed shall be valid except upon prior approval of the President for the purpose of promoting efficiency and effectiveness in the delivery of public services.

SEC. 29. Funding. Funds needed to carry out the provisions of this Executive order shall be taken from funds available in the Ministry.

SEC. 30. Implementing Authority of Minister. The Minister shall issue such rules, regulations and other issuances as may be necessary to ensure the effective implementation of the provisions of this Executive Order.

SEC. 31. Separability. Any portion or provision of this Executive Order that may be declared unconstitutional shall not have the effect of nullifying other portions or provisions hereof as long as such remaining portions can still subsist and be given effect in their entirety.

SEC. 32. Repealing Clause. All laws, ordinances, rules, regulations, other issuances or parts thereof, which are inconsistent with this Executive Order, are hereby repealed or modified accordingly.

SEC. 33. Effectivity Clause. This Executive Order shall take effect immediately upon its approval.

APPROVED in the City of Manila, Philippines, this 30th day of January, in the year of Our Lord, Nineteen Hundred and Eighty-seven.

(Sgd.) **CORAZON C. AQUINO**

By the President:
(Sgd.) **JOKER P. ARROYO**
Executive Secretary

Source: **Presidential Management Staff**

Office of the President of the Philippines. (1987). *[Executive Order Nos.: 1 - 170]*. Manila: Presidential Management Staff.

OFFICE OF THE PRESIDENT
OF THE PHILIPPINES
MALACAÑANG

EXECUTIVE ORDER NO. 118
CREATING THE PRESIDENTIAL COMMISSION ON CULTURE AND ARTS

RECALLING that the reorganization of the government is mandated expressly in Article II, Section 1 (a), and Article III of the Freedom Constitution;

HAVING IN MIND that pursuant to Executive Order No. 5 (1986), it is directed that necessary and proper changes in the organizational and functional structures of the government, its agencies and instrumentalities, be effected in order to promote efficiency and effectiveness in the delivery of public services;

AFFIRMING the government is committed to fulfill its constitutional mandate of preserving and developing Philippine culture for national identity and of placing arts and letters under the patronage of the State;

MINDFUL of the fact that there is a need for a national body to articulate a national policy on culture, to conserve and promote national heritage, and to guarantee a climate of freedom, support and dissemination for all forms of artistic and cultural expression;

NOW THEREFORE, I, CORAZON C. AQUINO, President of the Philippines, by virtue of the powers vested in me by the sovereign will of the Filipino People and the Freedom Constitution, do hereby order:

SECTION 1. Title. This Executive Order shall otherwise be known as the Act Creating the Presidential Commission on Culture and Arts.

SEC. 2. Name and Composition. There is hereby created a Presidential Commission on Culture and Arts, hereinafter referred to as Commission, to be composed of the following:

(a) Minister of Education, Culture and Sports, as chairman;
(b) Ministry of Education, Culture and Sports Deputy Minister for Culture, as member;
(c) Director of the National Historical Institute, as member;
(d) President of the Cultural Center of the Philippines, as member;
(e) Ministry of Tourism Deputy Minister designated by the Minister of Tourism, as member;
(f) Representative from the Office of the President, as member.

SEC. 3. Mandate. The Commission is hereby mandated to formulate and maintain the national policy, support, and dissemination frameworks for culture and the arts. To accomplish its mandate, it shall have the following objectives:

(a) Foster a sense of national identity and pride through the conservation and promotion of our cultural patrimony and our national heritage;
(b) Develop and guarantee a climate of freedom and support for the multi-cultural and pluralistic growth of all forms of art;

(c) Encourage and assist where possible various forms of artistic and cultural expression, in cooperation with the private sector;
(d Work with government and non-government agencies in the national and international dissemination of culture and the arts.

SEC. 4. Powers and Functions. To carry out its mandate the Commission shall exercise the following powers and functions:

Establish a secretariat, under the Deputy Minister for Culture as its Executive Director, for the administrative and day-to-day affairs of the Commission;
Conduct consultations and meetings with individuals and groups of various cultural and artistic subsectors for the purpose of establishing and strengthening the national councils, as well as for ensuring people participation in the formulation of national cultural policy;
(c Coordinate with various government and non-government artistic and cultural institutions and agencies, and call upon any ministry, bureau, office or agency of the government for assistance or reform, which shall forthwith be furnished or accomplished by such government unit;
(d) Encourage through the national councils, such participation as appropriate in the formulation of strategies, policies, plans, programs, projects, funding requirements and organizational changes for each subsector;
(e) Articulate such national policies, promulgate such rules and regulations, and carry out such activities as may support the preservation of cultural heritage and the development of Philippine culture and the arts;
(f) Authorize and effect such institutional or organizational transfers, mergers, or changes that may eventually be recommended to it by the councils or by the National Advisory Board;
(g) Assist in the generation of resources, both governmental and non-governmental, local, national and international, as may be appropriate in the development, protection, preservation, or dissemination of Philippine culture and the arts.

SEC. 5. National Committees. To carry out its mandate and objectives, the Commission shall be responsible for the formation, operations, maintenance, and coordination of the following fourteen (14) national committees grouped into the following three (3) sub-commissions:

A. Sub-Commission on Cultural Heritage
(1) National Committee on Libraries and Archives;
(2) National Committee on Museums and Galleries;
(3) National Committee on Shrines and Monuments;

B. Sub-Commission on the Arts
(4) National Literary Arts Committee;
(5) National Visual Arts Committee;
(6) National Dramatic Arts Committee;
(7) National Broadcast Arts Committee;
(8) National Music Committee;
(9) National Dance Committee;
(10) National Film Committee;

C. Sub-Commission on Cultural Dissemination
(11) National Committee on Language and Translation;
(12) National Committee on Cultural Events;
(13) National Committee on Ethnic Culture and Traditional Arts;
(14) National Committee on Cultural Education.

The chairpersons of the foregoing fourteen (14) committees shall form the National Advisory Board to the Commission.

SEC. 6. Structure and Pattern. The position structure and staffing pattern of the Commission shall be approved and prescribed by the Chairman within one hundred twenty days (120) days from the approval of this Executive Order and the authorized positions created thereunder shall be filled with regular appointments by him or by the President, as the case may be.

SEC. 7. Periodic Performance Evaluation. The Chairman is hereby required to formulate and enforce a system of measuring and evaluating periodically and objectively the performance of the Commission and submit the same annually to the President.

SEC. 8. Notice or Consent Requirement. If any reorganizational change herein authorized is of such substance or materiality as to prejudice third persons with rights recognized by law or contract such that notice to or consent of creditors is required to be made or obtained pursuant to any agreement entered into with any of such creditors, such notice or consent requirement shall be complied with prior to the implementation of such reorganizational change.

SEC. 9. Prohibition Against Change. No change in the reorganization herein prescribed shall be valid except upon prior approval of the President for the purpose of promoting efficiency and effectiveness in the delivery of public services.

SEC. 10. Funding. Subject to the availability of funds, the amount of Ten Million Pesos (P10,000,000.00) is hereby authorized to be set aside from the funds of the National Treasury and made available for expenditure by the Commission, in accordance with appropriate rules, regulations and procedures.

SEC. 11. Implementing Authority of Chairman. The Chairman shall issue such rules, regulations and other issuances as may be necessary to ensure the effective implementation of the provisions of this Executive Order.

SEC. 12. Separability. Any portion or provision of this Executive Order that may be declared unconstitutional shall not have the effect of nullifying other portions or provisions hereof as long as such remaining portions or provisions can still subsist and be given effect in their entirety.

SEC. 13. Repealing Clause. All laws, rules, regulations, other issuances or parts thereof which are inconsistent with this Executive Order, are hereby repealed or modified accordingly.

SEC. 14. Effectivity. This Executive Order shall take effect immediately upon its approval.

APPROVED in the City of Manila, Philippines, this 30th day of January, in the Year of Our Lord Nineteen Hundred and Eighty-seven.

(Sgd.) **CORAZON C. AQUINO**

By the President:
(Sgd.) **JOKER P. ARROYO**
Executive Secretary

Source: **Presidential Management Staff**

Office of the President of the Philippines. (1987). *[Executive Order Nos.: 1 - 170]*. Manila: Presidential Management Staff.

OFFICE OF THE PRESIDENT
OF THE PHILIPPINES
MALACAÑANG

EXECUTIVE ORDER NO. 119
REORGANIZING THE MINISTRY OF HEALTH, ITS ATTACHED AGENCIES AND FOR OTHER PURPOSES

RECALLING that the reorganization of the government is mandated expressly in Article II, Section I (a), and Article III of the Freedom Constitution;

HAVING IN MIND that, pursuant to Executive Order No. 5 (1986), it is directed that necessary and proper changes in the organizational and functional structures of the government, its agencies and instrumentalities, be effected in order to promote efficiency and effectiveness in the delivery of public services;

AFFIRMING that the Ministry of Health is the government's main instrumentality for responding to health concerns;

TAKING NOTE that the great magnitude and complex nature of health concerns requires a more effective Ministry of Health and more responsiveness to public needs, in the areas of planning, provision, and delivery of health services to the people;

NOW, THEREFORE, I, CORAZON C. AQUINO, President of the Philippines, by virtue of the powers vested in me by the sovereign will of the Filipino people and the Freedom Constitution, do hereby order:

SECTION 1. Title. This Executive Order shall otherwise be known as the Reorganization Act of the Ministry of Health.

SEC. 2. Reorganization. The Ministry of Health, hereinafter referred to as the Ministry, is hereby reorganized, structurally and functionally, in accordance with the provisions of this Executive Order.

SEC. 3. Mandate. The Ministry shall be primarily responsible for the formulation, planning, implementation, and coordination of policies and programs in the field of health. The primary function of the Ministry is the promotion, protection, preservation or restoration of the health of the people through the provision and delivery of health services and through the regulation and encouragement of providers of health goods and services.

SEC. 4. Powers and Functions. The Ministry shall have the following powers and functions:

(a) Define the national health policy and formulate and implement a national health plan within the framework of the government's general policies and plans, and to present proposals to appropriate authorities on national issues which have health implications;
(b) Provide for health programs, services, facilities and other requirements as may be needed subject to availability of funds and administrative rules and regulations;
(c) Assist, coordinate or collaborate with local communities, agencies and interested groups including international organizations in activities related to health;
(d) Administer all laws, rules and regulations in the field of health, including quarantine laws and food and drug safety laws;

(e) Collect, analyse and disseminate health statistical and other relevant information on the country's health situation, and require the reporting of such information from appropriate sources;
(f) Propagate health information and educate the population on important health, medical and environmental matters which have health implications;
(g) Undertake health and medical research and conduct training in support of its priorities, programs and activities;
(h) Regulate the operation of and issue licenses and permits to government and private hospitals, clinics and dispensaries, laboratories, blood banks, drugstores and such other establishments which by the nature of their functions are required to be regulated by the Ministry;
(i) Issue orders and regulations concerning the implementation of established health policies; and
(j) Perform other functions as established by law or as ordered by higher authorities.

SEC. 5. Structural Organization. The Ministry shall consist of the Ministry Proper, National Health Facilities, Regional Offices, Provincial Health Offices, District Health Offices and Local Health Agencies.

SEC. 6. Ministry Proper. The Ministry Proper shall be composed of the following Offices, Bureaus, and Services:

(a) Office of the Minister: Office of the Assistant Minister for Financial, Operations, and Front Line Services Audit, and the Office of the Assistant Minister for Legal Affairs. The following shall comprise the Staff Support Services to the Minister: Community Health Service; Public Information and Health Education Service, Health Intelligence Service; Internal Planning Service; Foreign Assistance Coordination Service. The aforementioned Assistant Ministers within the Office of the Minister and the Staff Support units to the Minister shall be supervised by a Deputy Minister, acting as Chief of Staff in the Office of the Minister;
(b) Office for Public Health Services: Malaria Control Service, Schistosomiasis Control Service, Communicable Disease Control Service, Maternal and Child Health Service, Tuberculosis Control Service, Family Planning Service, Environmental Health Service, Nutrition Service, Dental Health Service, Non-communicable Disease Control Service;
(c) Office for Hospital and Facilities Services: Hospital Operations and Management Service, Radiation Health Service, Hospital Maintenance Service, Health Infrastructure Service;
(d) Office for Standards and Regulations: Bureau of Research and Laboratories; Bureau of Food and Drugs; Bureau of Licensing and Regulation; National Quarantine Office;
(e) Office for Ministry Management Services: Administrative Service, Finance Service, Management Advisory Service, Health Manpower Development and Training Service, Procurement and Logistics Service, Biologicals Production Service;
(f) Executive Committee for National Field Operations: Regional Field Offices, comprised of the twelve regional administrative jurisdictions and the National Capital Region; National Health Facilities, comprised of seven (7) Special Research Centers and Hospitals and eight (8) Medical Centers. The Executive Committee shall be chaired by the Minister, with the Deputy Ministers as members. The Deputy Minister serving as Chief of Staff under the Office of the Minister shall head the Secretariat of this Executive Committee.

SEC. 7. Ministry Field Offices. The Ministry field offices, under the supervision and control of the Executive Committee for National Field Operations, shall be composed of the following:

(a) Regional Health Offices (other than the National Capital Region) and subordinate units that include regional medical centers, regional hospitals, provincial health offices including component hospitals and district health offices, city health offices;
(b) Regional Health Office for the National Capital Region: Municipal Health Offices of Makati, Mandaluyong, Pasig, Marikina, Las Piñas, Muntinlupa, San Juan, Valenzuela, Navotas, Malabon, Paranaque, Taguig, Pateros;
(c) National Health Facilities, referring to those health facilities which are classified as National Health Resources because their services and activities accrue to the whole country's health care and infrastructure. These facilities are of two classifications: National Medical Centers and the Special Research Centers and Hospitals, which are hereby attached to the Ministry:

    (1) National Medical Centers: San Lazaro Hospital, Tondo Medical Center, Jose Fabella Memorial Hospital, Quirino Memorial Hospital, Rizal Medical Center, National Children's Hospital, Jose Reyes Memorial Medical Center, and the East Avenue Medical Center.
    (2) Special Research Centers and Hospitals: Philippine Heart Center, Lung Center of the Philippines, National Orthopedic Hospital, National Center for Mental Health, Research Institute for Tropical Medicine, National Kidney Institute, and the Philippine Children's Medical Center.

SEC. 8. Minister of Health. The authority and responsibility for the exercise of the mandate of the Ministry and for the discharge of its powers and functions shall be vested in the Minister of Health, hereinafter referred to as Minister, who shall have supervision and control of the Ministry and shall be appointed by the President. For such purposes, the Minister shall have the following functions:

(a) Advise the President of the Philippines on the promulgation of Ministry orders, rules, regulations and other issuances related to health;
(b) Establish policies and standards for the effective, efficient and economical operations of the Ministry in accordance with the programs of government;
(c) Promulgate rules and regulations necessary to carry out Ministry objectives, policies, plans, programs and projects;
(d) Exercise supervision and control over all functions and activities of the Ministry;
(e) Delegate authority for the performance of any administrative or substantive function to any Deputy Minister or other officials of appropriate rank at the Ministry; and
(f) Perform such other functions as may be provided by law or appropriately assigned by the President.

SEC. 9. Office of the Minister. The Office of the Minister shall consist of the Minister; his immediate staff; the Deputy Minister acting as Chief of Staff in the Office of the Minister; the Assistant Minister for Financial, Operations, and Front Line Services Audit; the Assistant Minister for Legal Affairs; and the Staff Support Services to the Minister:

(a) The Deputy Minister acting as Chief of Staff in the Office of the Minister, shall supervise the Assistant Minister for Financial, Operations, and Front Line Services Audit, the Assistant Minister for Legal Affairs, and the Staff Support Services to the Minister; head the secretariat of the Executive Committee for National Field Operations;
(b) The Assistant Minister for Legal Affairs shall head the office that shall provide the Minister with legal advice on all policy, program and operational matters of the Ministry; act as Counsel for the Ministry in cases in which it is a party; handle administrative cases against Ministry personnel and submit recommendations pertaining thereto; and review legislative proposals;
(c) The Assistant Minister for Financial, Operations, and Front Line Services Audit shall head the office that shall monitor the Ministry's financial affairs, internal operations, and the delivery of frontline services with a view to assuring the integrity of the Ministry's financial operations and the requirements of the Commission on Audit; optimizing the internal operating efficiency of the Ministry and its field offices; and ensuring that the Ministry's constituencies are provided front line services from the Ministry with the adequacy, quality, and efficiency that they are entitled to;
(d) The following Staff Support Services to the Minister shall undertake such staff services intended to assist the Minister in performing his functions:

    (1) Community Health Service, which shall provide services related to formulating and implementing plans and programs for coordinating with local governments and non-government organizations in health-related activities, programs and projects;
    (2) Public Information and Health Education Service, which shall provide services related to formulating and implementing plans, programs, and projects for public education on health and for the timely and accurate public communication of Ministry policy on health issues;
    (3) Health Intelligence Service, which shall provide services related to the formulation of disease intelligence, assessment of the state of health of the country and development and maintenance of effective and comprehensive health information systems to support planning and implementation of health programs;
    (4) Internal Planning Service, which shall provide the Ministry with necessary services related to planning, programming and project development;
    (5) Foreign Assistance Coordination Service, which shall provide staff services related to the development, coordination, monitoring, reporting, and assessment of foreign assisted projects of the Ministry;

SEC. 10. Deputy Ministers. The Minister shall be assisted by five (5) Deputy Ministers who shall be appointed by the President upon recommendation of the Minister, with responsibility for performing the following functions:

(a) Advise the Minister in the promulgation of Ministry orders, administrative orders and other issuances;
(b) Exercise supervision and control over the offices, services, operating units and individuals under their authority and responsibility;
(c) Recommend the promulgation of rules and regulations, consistent with Ministry policies, that will effectively implement the activities of operating units under their authority and responsibility;

(d) Coordinate the functions and activities of the units under their authority with that of the other Deputy Ministers and regional health directors;
(e) Exercise delegated authority on substantive and administrative matters related to the functions and activities of agencies under their office to the extent granted by the Minister through administrative issuances;
(f) Perform other functions as may be provided by law or appropriately assigned by the Minister.

SEC. 11. Office for Public Health Services. The Office for Public Health Services, headed by a Deputy Minister, shall include ten (10) staff services involved in policy formulation, standards development, program development, and program monitoring of disease control and service delivery programs implemented by the field offices. The Deputy Minister for Public Health Services, who shall be supported by an Assistant Minister, shall supervise the following:

(a) Maternal and Child Health Service, which shall formulate plans, policies, programs, standards and techniques relative to maternal and child health; provide consultative training and advisory services to implementing agencies; and conduct studies and research related to health services for mothers and children;
(b) Tuberculosis Control Service, which shall formulate plans, policies, programs, standards and techniques relative to the control of morbidity and mortality from tuberculosis; provide consultative, training and advisory services to implementing agencies; and conduct studies and research related to tuberculosis;
(c) Family Planning Service, which shall formulate plans, policies, programs, standards and techniques relative to family planning in the context of health and family welfare; provide consultative, training and advisory services to implementing agencies; and conduct studies and research related to family planning;
(d) Environmental Health Service, which shall formulate plans, policies, programs, standards and techniques relative to environmental health and sanitation; provide consultative, training and advisory services to implementing agencies; and conduct studies and research related to environmental health;
(e) Nutrition Service, which shall formulate plans, policies, programs, standards and techniques relative to nutrition services in the context of primary health care, provide consultative, training and advisory services to implementing agencies; and conduct studies and research related to nutrition;
(f) Dental Health Service, which shall formulate plans, policies, programs, standards and techniques relative to dental health services; provide consultative, training and advisory services to implementing agencies; and conduct studies and research related to dental diseases and dental services;
(g) Malaria Control Service, which shall formulate plans, policies, programs, standards and techniques relative to the control of malaria; provide consultative, training and advisory services to implementing agencies; and conduct studies and research related to malaria and its control;
(h) Schistosomiasis Control Service, which shall formulate plans, policies, programs, standards and techniques relative to the control of schistosomiasis; provide consultative, training and advisory services to implementing agencies; and conduct studies and research related to schistosomiasis and its control;

(i) Communicable Disease Control Service, which shall formulate plans, policies, programs, standards and techniques relative to the control of communicable diseases, other than the major causes of mortality and morbidity, such as leprosy, sexually transmitted diseases, filariasis and others; provide consultative, training and advisory services to implementing agencies; and conduct studies and research related to these other communicable diseases;
(j) Non-communicable Disease Control Service, which shall formulate plans, policies, programs, standards and techniques relative to the control of non-communicable diseases; provide consultative, training and advisory services to implementing agencies; and conduct studies and research related to mental illness, cardiovascular disease, cancer, other non-communicable diseases, and occupational health.

SEC. 12. The Office for Hospital and Facilities Services. The Office for Hospital and Facilities Services, headed by a Deputy Minister who shall be supported by an Assistant Minister, shall include four (4) staff services involved in policy formulation, standards development, program monitoring and provision of specialized assistance in the operations of hospitals and the management of facilities, which are as follows:

(a) Hospital Operations and Management Service, which shall formulate and implement plans, programs, policies, standards and techniques related to management improvement and quality control of hospital operations; provide consultative, training and advisory services to field offices in relation to the supervision and management of hospital components; and conduct studies and research related to hospital operations and management;
(b) Radiation Health Service which shall formulate and implement plans, programs, policies, standards and techniques to ensure radiation health safety; provide consultative, monitoring, training and advisory services to private and government facilities with radiation-emitting apparatus; and conduct studies and research related to radiation health;
(c) Hospital Maintenance Service which shall formulate and implement plans, programs, policies, standards and techniques related to assuring the proper maintenance of Ministry equipment; provide consultative, training and advisory services to implementing agencies in relation to preservation, repair and maintenance of medical and non-medical equipment of the Ministry; and conduct studies and research related to equipment and facility maintenance;
(d) Health infrastructure Service which shall formulate and implement plans, policies, programs, standards and techniques related to development and preservation of health infrastructure; provide consultative, training and advisory services to implementing agencies in relation to infrastructure projects to assure economical and efficient implementation; and conduct studies and research related to infrastructure development and utilization.

SEC. 13. Office for Standards and Regulation. The Office for Standards and Regulation, headed by a Deputy Minister and supported by an Assistant Minister, shall include three (3) bureaus and one (1) national office that shall be responsible for the formulation of regulatory policies and standards over the various areas of concern in the health sector, whose implementation shall be the general responsibility of the Ministry's regional field offices. The same bureaus shall also be responsible for those areas of activity covered by regulatory policy to provide the Minister with current information on the status of these regulated areas of activity and to provide the Minister with a basis for preliminarily evaluating the efficiency of the Ministry's field offices in performing their regulatory functions. The same bureaus shall conduct studies and research pertinent to their areas of responsibility. In certain

instances the bureaus may also perform consultative, training, and advisory services to the practitioners and institutions in the areas of regulated activity. The same bureaus and national office are:

(a) Bureau of Research and Laboratories which shall develop and formulate plans, standards, and policies for the establishment and accreditation and licensing of laboratories; blood banks and entities, handling biological products; provide consultative, training and advisory services to public and private laboratories; and conduct studies and research related to laboratory procedures and operations;
(b) Bureau of Food and Drugs which shall act as the policy formulation and sector monitoring arm of the Minister on matters pertaining to foods, drugs, traditional medicines, cosmetics and household products containing hazardous substances, and the formulation of rules, regulations and standards in accordance with Republic Act 3720 and other pertinent laws for their proper enforcement; prescribe general standards and guidelines with respect to the veracity of nutritional and medicinal claims in the advertisement of food, drugs and cosmetics in the various media, to monitor such advertisements; advise the Ministry's field offices to call upon any erring manufacturer, distributor, or advertiser to desist from such inaccurate or misleading nutritional or medicinal claims in their advertising; should such manufacturer, distributor, or advertiser refuse or fail to obey the desistance order issued by the Bureau, he shall be subject to the applicable penalties as may be prescribed by law and regulations; the Bureau shall provide consultative, training and advisory services to all agencies and organizations involved in food and drug manufacturing and distribution with respect to assuring safety and efficacy of food and drugs; conduct studies and research related to food and drug safety; maintain a corps of specially trained food and drugs inspectors for assignment to the various field offices of the Ministry; while these inspectors shall be under the technical supervision and guidance of the Bureau, they shall be under the administrative supervision of the head of the field office to which they shall be assigned, the latter being responsible for regulatory program implementation within the geographic area of his jurisdiction;
(c) Bureau of Licensing and Regulation which shall formulate policies and establish the standards for the licensing and regulation of hospitals, clinics and other health facilities; establish standards that shall be the basis of inspections and licensure procedures of the Ministry's field offices; provide consultative, training and advisory services to field offices on the conduct of licensing and regulatory functions over hospitals, clinics and other health facilities.
(d) National Quarantine Office which shall formulate and implement quarantine laws and regulations. Its present field offices shall continue to perform their present functions, including supervision over rat-proof zones in designated international ports and airports, and over medical examination of aliens for immigration purposes.

SEC. 14. Office For Management Services. The Office for Management Services, headed by a Deputy Minister who shall be supported by an Assistant Minister, shall include six (6) staff services involved in providing support services to Ministry Proper, field offices and attached agencies, which are as follows:

(a) Financial Services which shall provide the Ministry with staff advice and assistance on accounting, budget and financial matters; supervise the coordinated preparation and implementation of annual and long term financial and work plan and budget estimates; conduct periodic Ministry-wide performance and financial reviews; and design and implement improvements in financial management systems, procedures and practices;

(b) Management Advisory Service which shall provide staff advice and assistance on internal control, and management system improvement, including management information systems; supervise the establishment of a management accounting system, control procedures and management information systems for improved decision-making;
(c) Health Manpower Development and Training Service which shall formulate plans, policies, programs, standards and techniques for the effective and efficient manpower development and training of Ministry personnel; provide consultative, training and advisory services to implementing agencies; shall conduct studies and research related to health manpower development and training; and develop plans and programs for improved recruitment, deployment, development, and maintenance of personnel;
(d) Procurement and Logistics Service which shall undertake the central procurement of the health care products and supplies needed by the Ministry and its field offices which are not produced by or beyond the production capacity of its in-house production facilities; and ensure the proper, adequate, and timely flow of health products and services to the Ministry's field offices;
(e) Biologicals Production Services which shall formulate plans, policies, programs, standards, and techniques for the processing, manufacture, standardization, and improvement of biological products for Ministry use; manufacture vaccines, sera, anti-toxins, and other biologicals; provide consultative, training, and advisory services to implementing agencies; and conduct studies and research related to biological production, distribution, and use;
(f) Administrative service which shall provide the Ministry with efficient, and effective services relating to personnel, records, collections, disbursements, security, custodial work, and other general services not covered by the preceding Services.

SEC. 15. Office for National Field Operations. The Office for National Field Operations, through an Executive Committee, shall supervise the operations of the various Regional Offices; the National Capital Region; and the National Health Facilities, as enumerated in Section 7 (c) and further described in Sections 16, 17 and 18 hereof.

SEC. 16. Regional Health Offices. The Ministry is hereby authorized to establish, operate, and maintain a ministry-wide Regional Office, in each of the administrative regions of the country, under the supervision of an Executive Committee chaired by the Minister. Each Regional Health Office shall be headed by a Regional Director to be appointed by the President, and supported by an Assistant Regional Director. The appointment of the Regional Director and Assistant Regional Director shall be to the Ministry at large and assignment shall be by administrative issuances of the Minister. The Regional Health Office shall be responsible for the field operations of the Ministry in its administrative region and for providing the region with efficient and effective health and medical services. It shall supervise all Ministry agencies in its administrative region including whatever medical centers, regional hospitals, sanitaria, provincial health offices and city health offices that are located in the region except those placed under the Ministry Proper.

In addition to the foregoing, a Regional Office shall have within its administrative region, the following functions:

(a) Implement laws and rules, regulations, policies, plans, programs and projects of the Ministry in the region;
(b) Provide efficient and effective health and medical services to the people;
(c) Coordinate with regional offices of other ministries, offices, and agencies in the region;

(d) Coordinate with local government units; and
(e) Perform such other functions as may be provided by law.

SEC. 17. Provincial Health Office. The integrated Provincial Health Office created under Executive Order No. 851 shall remain as the Ministry agency in the province. It shall exercise supervision and control over district health offices and other field units of the Ministry in the province, except those otherwise placed under the Ministry proper or directly under the Regional Health Office.

The Provincial Health Office shall be headed by a Provincial Health Officer. Depending on size, population, and health facilities of the province as well as budgetary provisions, a province may have one Assistant Provincial Health Officer assisting the Provincial Health Officer, or two Assistant Provincial Health Officers, one assisting the Provincial Health Officer in public health activities and the other assisting in hospital operations. The Provincial Health Officers and Assistant Provincial Health Officers shall be appointed by the Minister to a region, and their assignment to a province shall be made by the Minister on recommendation of the Regional Health Director.

SEC. 18. District Health Office. The District Health Office is hereby created to absorb the functions of the district hospitals. The District Health Office shall exercise supervision and control over district hospitals, municipal hospitals, rural health units, barangay health stations and all other Ministry units in the health district, except those otherwise placed directly under the Provincial Health Office, or Regional Health Office, or the Ministry Proper.

The District Health Office shall be headed by a District Health Officer who shall also serve as the Chief of the district hospital as well as the head of all field units in the district. District Health Officers shall be appointed by the Minister to a region, and their assignments shall be made by the Minister on recommendation of the Regional Health Director.

SEC. 19. Local Health Agencies. The Ministry shall review and monitor the establishment, operation and maintenance of health agencies funded by local governments. Proposals for integrating locally funded health agencies under the supervision and control of the Ministry without regard to the sourcing of funds shall be made by the ministry for the appropriate local government's approval. Any such agreement shall be allowed and, whenever possible, funding from national sources may be extended to achieve a nationally integrated government health service under the Ministry.

SEC. 20. City Health Officers. The City Health Officers and Assistant City Health Officers shall be appointed by the Minister. Their compensation shall be paid out national funds.

SEC. 21. Delegation of Power by Minister. The Minister shall have the authority to delegate such substantive and administrative powers and authorities as may be necessary to the heads of the Regional Health Offices, in addition to such administrative authorities as have been mandated for delegation for all Ministries by the President. The Minister shall also delegate such powers and authorities to the heads of the Provincial Health Offices and those of other subordinate units of the Regional Health Offices as in his sound judgment would make for a more efficient and effective administration of health and medical services.

SEC. 22. Abolitions, Transfers, and Reorganization. The following organizational changes shall be complied with:

(a) The positions of Assistant Secretaries and Assistant Directors of Services shall be abolished.
(b) The Bureau of Health Services shall be abolished and its pertinent functions shall be transferred to the Office for Public Health Services.

(c) The Bureau of Medical Services shall be abolished and its pertinent functions, shall be transferred to the Office For Standards and Regulations and the Office For Hospital and Facilities Services.

(d) The Dermatology Research and Training Service shall be converted into a Dermatology Department in the Jose Reyes Memorial Medical Center. Its functions related to planning leprosy control programs shall be transferred to the Communicable Disease Control Service. It shall retain its functions related to direct patient care and its corresponding research functions, and it shall be housed, along with its existing equipment and related facilities in the Jose Reyes Memorial Medical Center.

(e) The Cancer Control Center shall be converted into a Department of Radiotherapy in the Jose Reyes Memorial Medical Center. Its functions related to the planning of cancer control programs shall be transferred to the Non-Communicable Disease Control Service under the Office for Public Health Services. Its functions related to direct patient care and its corresponding research functions, and its existing equipment and related facilities shall be transferred to the Department of Radiotherapy hereby created in the Jose Reyes Memorial Medical Center. A corresponding Department of Radiotherapy may also be established in the East Avenue Medical Center, if authorized by the Minister.

(f) The Bureau of Dental Health Services shall be converted into the Dental Health Service under the Office For Public Health Services.

(g) The Schistosomiasis Control Council shall be abolished and its pertinent functions, shall be transferred to the Schistosomiasis Control Service.

(h) The Health Education and Manpower Development Service shall be abolished. Its functions related to health education shall be transferred to the Public Information and Health Education Service under the Office of the Minister. Its functions related to manpower development and training shall be transferred to Health Manpower Development and Training Service under the Office For Management Services.

(i) The Financial Management Service shall be abolished. Its budget and accounting functions shall be transferred to the Financial Service while its management audit functions shall be transferred to the Office for Financial, Operations, and Front Line Services Audit in the Office of the Minister.

(j) The Bureau of Research and Laboratories shall be reorganized. Its biological production functions shall be transferred to the Biologicals Production Service under the Office for Management Services.

(k) The Bureau of Quarantine shall be converted into the National Quarantine Office.

(l) The Administrative Service shall be reorganized. Its information functions shall be transferred to the Public Information and Health Education Service under the Office of the Minister. It shall establish a Medical Examination and Ministry Infirmary.

(m) The Health Intelligence Service shall be reorganized. Its management information systems function shall be transferred to the Management Advisory Service under the Office for Management Services.

(n) The Planning Service shall be reorganized into the Internal Planning Service. The existing three (3) divisions shall be combined into two (2) divisions.

(o) The Radiological Health Service shall be reorganized and renamed Radiation Health Service. Its licensing and regulatory functions shall be transferred to the Bureau of Licensing and Regulation under the Office for Standards and Regulation. Its equipment repair functions

shall be transferred to the Hospital Maintenance Service under the Office for Hospital and Facilities Services.

(p) The following units shall be created: The Community Health Service, Public Information and Health Education Service, Foreign Assistance Coordination Service, Legal Affairs, Financial, Operations, and Front Line Services Audit under the Office of the Minister; the Maternal and Child Health Service, Tuberculosis Control Service, Environmental Health Service, Communicable Disease Control Service and Non-Communicable Disease Control Service under the Office for Public Health Services; the Hospital Operations and Management Service, Hospital Maintenance Service and Health Infrastructure Service under the Office for Hospital and Facilities Services; the Bureau of Licensing and Regulations under the Office for Standards and Regulation; Management Advisory Service, Procurement and Logistics Service, Biologicals Production Service, under the Office for Management Services.

(q) Tondo General Hospital, Inc., created as a government corporation under Republic Act No. 6375, is hereby dissolved and all its assets, liabilities, properties and personnel as may be necessary are hereby transferred to the Tondo Medical Center under the Ministry of Health. Said hospital shall be a National Medical Center of the Ministry of Health, which shall be reorganized, following the applicable principles embodied in Sections 24 and 26 hereof.

(r) The Philippine Heart Center (formerly the Philippine Heart Center for Asia), Lung Center of the Philippines, Philippine Children's Medical Center (formerly the Lungsod ng Kabataan), and the National Kidney Institute (formerly the National Kidney Foundation of the Philippines) are hereby attached to and placed under the administrative supervision of the Ministry, and are deemed to be functionally integrated into the Ministry's structure, notwithstanding their organizational form, and their budgetary allocations shall be incorporated into the Annual Budget of the Ministry. Their Boards of Trustees shall be headed by the Minister as ex-officio chairman and a Deputy Minister of Health shall be designated by the Minister as ex-officio vice chairman in each of the above institutions. The Boards of Trustees are hereby authorized to reorganize their respective hospitals, following the applicable principles embodied in Sections 24 and 26 hereof. In conformance with Section 7 of this Executive Order, the Executive Committee for National Field Operations of the Ministry shall, by appointment of the President, be members of the Boards of Trustees of these institutions.

(s) The Medicare Hospitals and other direct patient care or health care extension units of the Philippine Medical Care Commission are hereby transferred to the Ministry to be integrated into the Ministry's health care delivery systems, reorganized, or abolished as the Minister, in his sound judgment, may see fit.

Subsection (a) shall be in accordance with Section 24 (e) hereof. Subsections (b), (c), (g), (h), and (i), shall be in accordance with Section 24 (a) hereof. Subsections (f), (j), (l), (m), and (o) shall be in accordance with Section 24 (b) hereof with respect to the transfer of functions thereunder, with respect to retained functions, and shall be in accordance with the Ministry's new position structure and staffing pattern approved and prescribed by the Minister under Section 26 hereof. Subsections (d), (e), (k) and (n) shall be in accordance with Section 24 (c) hereof. Subsection (p) shall be in accordance with Section 26 hereof.

SEC. 23. Attached Entity. The Philippine Medical Care Commission shall be attached to the Ministry. Its ex-officio Chairman shall be the Minister of Health and its ex-officio Vice Chairman shall be a Deputy Minister of Health designated by the Minister.

The Dangerous Drugs Board is hereby attached to the Ministry, and its ex-officio Chairman shall be the Minister of Health and its ex-officio Vice Chairman shall be a Deputy Minister of Health designated by the Minister.

SEC. 24. Transitory Provisions. In accomplishing the acts of reorganization herein prescribed, the following transitory provisions shall be complied with, unless otherwise provided elsewhere in this Executive Order.

(a) The transfer of functions which results in the abolition of the government unit that has exercised them shall include the appropriations, funds, records, equipment, facilities, other assets and personnel as may be necessary to the proper discharge of the transferred functions. The abolished unit's remaining appropriations, and funds, if any, shall revert to the General Funds and its remaining assets, if any, shall be allocated to such appropriate units as the Minister shall determine or shall otherwise be disposed of in accordance with the Government Auditing Code and other pertinent laws rules and regulations. Its liabilities, if any, shall likewise be treated in accordance with the Government Auditing Code and other pertinent laws, rules and regulations. Its personnel shall, in hold-over capacity, continue to perform their duties and responsibilities and receive the corresponding salaries and benefits unless in the meantime they are separated from the service pursuant to Executive Order No. 17 (1986) or Article III of the Freedom Constitution. Its personnel, whose positions are not included in the Ministry's new position structure and staffing pattern approved and prescribed by the Minister under Section 26 hereof or who are not reappointed, shall be deemed separated from the service and shall be entitled to the benefits provided for in the second paragraph of the same Section 26 hereof.

(b) The transfer of functions which does not result in the abolition of the government unit that has exercised them shall include the appropriations, funds, records, equipment, facilities, other assets and personnel as may be necessary to the proper discharge of the transferred functions. The liabilities, if any, that may have been incurred in connection with the discharge of the transferred functions, shall be treated in accordance with the Government Auditing Code and other pertinent laws, rules and regulations. Such personnel shall, in a hold-over capacity, continue to perform their respective duties and responsibilities and receive the corresponding salaries and benefits unless in the mean time they are separated from the service pursuant to Executive Order No. 17 (1986) or Article III of the Freedom Constitution. Any such personnel, whose position is not included in the Ministry's new position structure and staffing pattern approved and prescribed by the Minister under Section 26 hereof or who has not been reappointed, shall be deemed separated from the service and shall be entitled to the benefits provided for in the second paragraph of the same Section 26.

(c) In case of merger or consolidation of government units, the new or surviving unit shall exercise the functions (subject to the reorganization herein prescribed and the laws, rules and regulations, pertinent to the exercise of such functions) and shall acquire the appropriations, funds, records, equipment, facilities, other assets, liabilities if any, and personnel of (1) the units that compose the merged unit or (2) the absorbed unit, as the case may be. Such personnel shall, in a hold-over capacity, continue to perform their respective duties and responsibilities and receive the corresponding salaries and benefits unless in the meantime they are separated from the service pursuant to Executive Order No. 17 (1986) or Article III of the Freedom Constitution. Any such personnel, whose position is not included in the Ministry's new position structure and staffing pattern approved and prescribed by the

Minister under Section 26 hereof or who is not reappointed, shall be deemed separated from the service and shall be entitled to the benefits provided in the second paragraph of the same Section 26.

(d) The transfer of a government unit shall include the functions, appropriations, funds, records, equipment, facilities, if any, of the transferred unit as well as the personnel thereof, as may be necessary, who shall, in a hold-over capacity, continue to perform their respective duties and responsibilities and receive the corresponding salaries and benefits unless in the meantime they are separated from government service pursuant to Executive Order No. 17 (1986) or Article III of the Freedom Constitution. Those personnel of the transferred unit whose positions are not included in the new position structure and staffing pattern approved by the Minister or who are not reappointed shall be deemed separated from the Service and shall be entitled to the benefits provided in the second paragraph of Section 26 hereof.

(e) In case of termination of a function which does not result in the abolition of the government unit which has performed such function, the appropriations and funds intended to finance and discharge of such function shall revert to the General Fund, while the records, equipment, facilities, rights and other assets used in connection with the discharge of such function shall be allocated to the appropriate units as the Minister shall determine or shall otherwise be disposed in accordance with the Government Auditing Code and other pertinent laws, rules and regulations. The liabilities, if any, that may have been incurred in connection with the discharge of such function shall likewise be treated in accordance with the Government Auditing Code and other pertinent laws, rules and regulations. The personnel who have performed such functions, whose positions are not included in the new position structure and staffing pattern approved and prescribed by the Minister under Section 26 hereof or who have not been reappointed, shall be deemed separated from the service and shall be entitled to the benefits provided in the second paragraph of the same Section 26.

SEC. 25. Miscellaneous Provisions. The following miscellaneous provisions are hereby prescribed:

(a) The Minister is hereby granted the authority to prescribe changes in the regional, provincial and district operational units including the relocation of provincial health offices; designations of regional hospitals, medical centers and provincial hospitals, delineation of health districts; realignment of appropriations subject to the approval of the Ministry of Budget and Management.

(b) The position of head of service and bureau shall be that of a director with CES Rank II and placed under the coverage of the Career Executive Service, except those services and bureaus headed by an Assistant Minister.

(c) Designations to the positions in the Ministry shall not be limited to the incumbents of the positions where there are others more qualified in other units of the Ministry.

(d) The Minister is hereby authorized, with the approval of the President, to convert the legal status of any of the National Health Facilities described in Section 7 (c) hereof into corporate entities, provided that they shall remain under the administrative supervision and control of the Ministry. The Boards of Directors of these institutions shall be headed by the Minister and the members of the Ministry's Executive Committee for National Field Operations shall be appointed by the President as its members. Upon conversion into corporate form, the budgetary allotments that these institutions shall be entitled to from the national treasury shall be limited to outlays directly related to indigent patient care and a pro rata share of

overhead expenses and its other operations shall be required to meet the test of economic viability.

(e) Except as herein provided, with respect to the ex-officio positions of the Minister or a Deputy Minister in attached institutions, entities, or boards, the heads thereof and the members of the boards of trustees, if any, shall be appointed by the President.

SEC. 26. New Structure and Pattern. Upon approval of this Executive Order, the officers and employees of the Ministry shall, in a hold-over capacity, continue to perform their respective duties and responsibilities and receive the corresponding salaries and benefits unless in the meantime they are separated from government service pursuant to Executive Order No. 17 (1986) or Article III of the Freedom Constitution.

The new position structure and staffing pattern of the Ministry shall be prescribed by the Minister within one hundred twenty (120) days from the approval of this Executive Order subject to approval by the Office of Compensation and Classification and the authorized positions created thereunder shall be filled thereafter with regular appointments by him or the President, as the case may be as herein provided. Those separated from the service shall receive the retirement benefits to which they may be entitled under existing laws, rules and regulations. Otherwise, they shall be paid the equivalent of one month basic salary for every year of service, or the equivalent nearest fraction thereof favorable to them on the basis of highest salary received, but in no case shall such payment exceed the equivalent of 12 months salary.

No court or administrative body shall issue any writ or preliminary injunction or restraining order to enjoin the separation or replacement of any officer or employee effected under this Executive Order.

SEC. 27. Periodic Performance Evaluation. The Ministry is hereby required to formulate and enforce a system of measuring and evaluating periodically and objectively the performance of the Ministry and submit the same annually to the President.

SEC. 28. Notice or Consent Requirement. If any reorganizational change herein authorized is of such substance or materiality as to prejudice third persons with rights recognized by law or contract such that notice or consent of creditors is required to be made or obtained pursuant to any agreement entered into with any of such creditors, such notice or consent requirement shall be complied with prior to the implementation of such reorganizational change.

SEC. 29. Change of Nomenclature. In the event of the adoption of a new Constitution which provides for a presidential form of government, the Ministry shall be called Department of Health and the titles of Minister, Deputy Minister, and Assistant Minister shall be changed to Secretary, Undersecretary and Assistant Secretary, respectively.

SEC. 30. Prohibition Against Change. No change in the reorganization herein prescribed shall be valid except upon prior approval of the President for the purpose of promoting efficiency and effectiveness in the delivery of public services.

SEC. 31. Funding. Funds needed to carry out the provisions of this Executive Order shall be taken from funds available in the Ministry.

SEC. 32. Implementing Authority of Minister. The minister shall issue such rules, regulations and other issuances as may be necessary to ensure the effective implementation of the provisions of this Executive Order.

SEC. 33. Separability. Any portion or provision of this Executive Order that may be declared unconstitutional shall not have the effect of nullifying the other provisions hereof as long as such remaining portions or provisions can still subsist and be given effect in their entirety.

SEC. 34. Repealing Clause. All laws, ordinances, orders, proclamations, rules, regulations issuances or parts thereof, which are inconsistent with any of the provisions of this Executive Order are hereby repealed or modified accordingly.

SEC. 35. Effectivity. This Executive Order shall take effect immediately upon its approval.

APPROVED in the City of Manila, Philippines, this 30th day of January, in the Year of Our Lord, Nineteen Hundred and Eighty-seven.

(Sgd.) **CORAZON C. AQUINO**

By the President:
(Sgd.) **JOKER P. ARROYO**
Executive Secretary

Source: **Presidential Management Staff**

Office of the President of the Philippines. (1987). *[Executive Order Nos.: 1 - 170]*. Manila: Presidential Management Staff.

OFFICE OF THE PRESIDENT
OF THE PHILIPPINES
MALACAÑANG

EXECUTIVE ORDER NO. 120
REORGANIZING THE MINISTRY OF TOURISM, DEFINING ITS POWERS AND FUNCTIONS, AND FOR OTHER PURPOSES

RECALLING that the reorganization of the government is mandated expressly in Article II, Section 1 (a), and Article III of the Freedom Constitution;

HAVING IN MIND that pursuant to Executive Order No. 5 (1986), it is directed that necessary and proper changes in the organizational and functional structures of the government, its agencies and instrumentalities, be effected in order to promote efficiency and effectiveness in the delivery of public services;

CONSIDERING that tourism is an international industry that has played a significant role in boosting the economies of many nations and in fostering goodwill between nations and peoples of the world;

TAKING NOTE that, in order to realize its full tourism potential in the magnitude suggested by the achievements of other countries which have been developed by private enterprise as well as by government, the Philippines needs:

A government ministry that will:

(a) Assist in coordinating the plans and actions of various government instrumentalities on tourism matters;
(b) Discharge the government's responsibilities arising from treaties, agreements and other commitments on tourism and travel;
(c) Provide such other public sector services to the tourism industry as well as the formulation of standards and the compilation of statistics on tourism matters;

NOW, THEREFORE, I, CORAZON C. AQUINO, President of the Philippines, by virtue of powers vested in me by the sovereign will of the Filipino People and the Freedom Constitution, do hereby order:

SECTION 1. Title. This Order shall be known as the Reorganization Act of the Ministry of Tourism.

SEC. 2. Reorganization. The Ministry of Tourism, hereinafter referred to as Ministry, is hereby reorganized, structurally and functionally, in accordance with the provisions of this Executive Order.

SEC. 3. Declaration of Policy. It is hereby declared the policy of the State to promote, encourage and develop Philippine tourism as a major national activity in which private sector investment, effort and initiative are fostered and supported, and through which socio-economic development may be accelerated, foreign exchange earned, international visitors offered the opportunity to travel to the Philippines and appreciate its natural beauty, history and culture, and Filipinos themselves enabled to see more of their country and imbued with greater pride in and commitment to the nation.

SEC. 4. Mandate. The Ministry shall be the primary government agency charged with the responsibility to encourage, promote and develop tourism as a major socio-economic activity to generate foreign currency and employment and to spread the benefits of tourism to a wider segment of the population with the support, assistance and cooperation of both the private and public sector, and to assure the safe, convenient, enjoyable stay and travel of the foreign and local tourists in the country.

SEC. 5. Powers and Functions. The Ministry shall have the following powers and functions:

(a) Advise the President on the promulgation of laws relative to the policy, plans, programs and projects designed to promote and develop the tourism industry;
(b) Formulate policies, plans, programs and projects for the development of the tourism industry, both domestic and international;
(c) Devise an interpreted marketing program designed to attract and induce people abroad to visit the Philippines and enhance the prestige of the Filipino people and the Republic;
(d) Promote and ensure the pleasant and hospitable entry, stay and egress of tourists;
(e) Coordinate with any or all government agencies, civil or military, in the implementation of this Executive Order, the Ministry's rules and regulations, other issuances, and enforcement of its order and/or decisions;
(f) Formulate standards for tourism-oriented establishments that will prescribe minimum levels of operating quality and efficiency in order to ensure that facilities, personnel and services are maintained in accordance with acceptable local and international norms in the operations of tourism-oriented establishments;
(g) Promulgate rules and regulations governing the operations and activities of all persons, firms, entities and establishments that cater to tourists, to provide standards for accreditation of hotels, resorts, and tourist-oriented facilities for classification purposes, and to prescribe rules and regulations governing the issuance of licenses to travel agencies;
(h) Approve the construction standards of accredited tourism-oriented establishments including hotels, resorts, inns, motels, and other related facilities and services;
(i) Prescribe information reporting on the purchase, sale or lease of accredited tourism-oriented facilities;
(j) Ensure a harmonious, positive and constructive development of the tourism industry;
(k) To provide technical assistance to the Committee or Privatization and Asset Privatization Trust, or such other government agency, office or institution as are charged with the duty and/or responsibility of selling government-owned or controlled hotels, resorts and other tourist-oriented facilities;
(l) Promote the Philippines as a locale for foreign film or movie production or any other form of entertainment that will serve to enhance the image of the Philippines as a tourist destination internationally;
(m) Represent the government in all such conferences and meetings concerning tourism and travel and discharge such responsibilities of the government as may arise from treaties, agreements and other commitments on tourism and travel to which it is signatory;
(n) Prescribe programs to encourage private-sector investment and participation in tourism activities and projects;
(o) Compile and integrate statistical data bank on the tourism industry;
(p) Promote the protection, maintenance and preservation of historical, cultural and natural assets with tourist attractions with the appropriate government agencies or with the private sector or with the owners of said assets or attractions;

(q) Undertake research studies and surveys for the continuing analysis of economic conditions and trends relating to tourism and travel;
(r) Set up and organize foreign field offices for the purpose of overseeing all marketing and promotional activities and implementing programs of the Ministry;
(s) In order to project properly and enhance the Filipino image in the entertainment field and thereby gain better international respect and reputation for the country, assist the appropriate government agency in auditioning Filipino entertainers being sent abroad;
(t) Evaluate incentives to tourist-oriented facilities, and submit its appropriate recommendations to the President;
(u) Delegate in writing any specific powers and functions in favor of the regional offices;
(v) Upon petition of the Minister of Tourism, the police district superintendent or station commander shall deputize the personnel of the Tourist Assistance Unit of the Ministry for the purpose of enabling them to assist in the enforcement of all laws and regulations for the protection of tourists and other transients;
(w) Exercise such powers and functions and other activities that may be necessary, proper, or incidental to the attainment of its mandate;
(x) Arrange, whenever deemed appropriate, for the reclamation of any land adjacent to or adjoining a tourist zone in coordination with appropriate government agencies;
(y) Coordinate with appropriate government agencies the development of infrastructure requirements supporting a tourist zone, such as but not limited to, access roads to the zone, electric power brought to the proper line of the zone, airports, harbors, and other support facilities;
(z) Coordinate with concerned government agencies the provision of social infrastructure requirements supporting a tourist zone as educational facilities, health centers, social and recreational outlets and other necessary amenities for the social upliftment of the populace and preservation of ecological balance;

SEC. 6. Minister of Tourism. The authority and responsibility for the exercise of the mandate of the Ministry and for the discharge of its powers and functions shall be vested in the Minister of Tourism, hereinafter referred to as Minister, who shall have supervision and control of the Ministry and shall appointed by the President.

SEC. 7. Office of the Minister. The Office of the Minister shall consist of the Minister and his immediate staff.

SEC. 8. Deputy Ministers. The Minister shall be assisted by four (4) Deputy Ministers appointed by the President upon the recommendation of the Minister, namely:

(a) Deputy Minister for Planning, Product Development and Coordination, who shall be responsible for the Office of Tourism Development Planning, Office of Product Development, and Office of Tourism Coordination;
(b) Deputy Minister for Tourism Services and Regional Offices, who shall be responsible for the Office of Tourism Standards and all Regional Offices;
(c) Deputy Minister for Tourism Promotions, who shall be responsible for the Bureau of International Tourism Promotion, Bureau of Domestic Tourism Promotions, and Office of Tourism Information;
(d) Deputy Minister for Internal Services, who shall be responsible for the Financial and Management Service, Administrative Service, and Legal Service.

SEC. 9. Ministry Proper. The Ministry Proper shall consist of the Offices of the Minister and Deputy Ministers and shall be responsible for the preparation and development of the policies, plans, programs, and projects of the Ministry in the context of its mandate, powers and functions.

SEC. 10. Structural Organization. The Ministry, aside from the Ministry Proper, shall consist of its Services, Bureaus, Offices, Regional Offices and Foreign Field Offices.

SEC. 11. Financial and Management Service. The Financial and Management Service is hereby created and shall provide the Ministry with staff advice and assistance on budgetary, financial, and management matters and shall perform such other related functions as may be assigned or delegated to it by the Minister.

SEC. 12. Administrative Service. The Administrative Office is hereby created and shall provide the Ministry with staff advice and assistance on personnel information, records, communications, supplies, equipment, collection, disbursements, security, other custodial work and such other related duties and responsibilities as may be assigned or delegated to it by the Minister.

SEC. 13 Legal Service. The Legal Service is hereby created and shall provide the Ministry with staff advice and assistance on all legal matters affecting the Ministry, and to perform such other related functions as may be assigned or delegated to it by the Minister.

SEC. 14. Service Character and Head. The services under Sections 11 to 13 hereof shall be essentially staff in character, each of which shall be headed by a Service Chief.

SEC. 15. Bureau of Domestic Tourism Promotions and Information. The Bureau of Domestic Tourism Promotions and Information is hereby created and shall have the following functions:

(a) Organize and coordinate programs of public relations, promotions, and publicity; encourage domestic tourism and encourage overseas visitors to travel throughout the Philippines;
(b) Design and provide support for dissemination of materials for publicity as tourist attractions in the Philippines; promote educational and cultural tours to increase travel within the country;
(c) Promote, organize, and provide support for tourist councils;
(d) Plan promotional campaigns through advertising and publicity and coordinate promotional efforts with the private sector through sales campaigns and information dissemination;
(e) Organize special events for the promotion of local destinations.

SEC. 16. Bureau of International Tourism Promotions. The Bureau of International Tourism Promotions is hereby created and shall have the following functions:

(a) Promote the Philippines as a locale for foreign films or movie production or any other form of entertainment that will serve to enhance the image of the Philippines as a tourist destination internationally;
(b) Provide support for the private sector in its promotional campaigns;
(c) Organize special events to promote the country as a tourist destination;
(d) Gather market intelligence and research information on tourist markets through the Foreign Field Offices;
(e) Disseminate current information on the country and its tourist products;
(f) Generate favorable publicity on the Philippines;
(g) Monitor trends and developments in international tourism through the Foreign Field Offices;
(h) Organize, set up and participate in international meetings, conferences and conventions on tourism;

(i) Supervise foreign field offices charged with coordinating and assisting in the marketing and promotional activities and programs of the Ministry.

SEC. 17. Bureau Character and Head. The Bureaus under Sections 15 and 16 hereof shall be essentially staff in character each of which shall be headed by a Staff Director.

SEC. 18. Office of Tourism Information. The Office of Tourism Information is hereby created and shall have the following functions:

(a) Promote a continuing wholesome and informative relationship between the Ministry and the travelling public;
(b) Cause the widest publicity of existing and forthcoming activities and programs of the Ministry through a functional relationship with the media;
(c) Organize and disseminate promotional and tourist information materials to various tourist assistance centers.

SEC. 19. Office of Tourism Standards. The Office of Tourism Standards is hereby created and shall have the following functions:

(a) Approve the construction standards of tourism-oriented establishments including hotels, resorts, inns, motels, and other related facilities and services, prescribe information reporting on purchase, sale or lease of accredited tourism-oriented facilities and ensure a harmonious, positive and constructive development of the tourism industry;
(b) Formulate operating standards for tourism-oriented establishments including hotels and resorts, restaurants, inns, motels, and other related facilities and services that will prescribe minimum level of operating quality and efficiency in order to ensure that facilities, personnel and services are maintained in accordance with acceptable local and international norms in the operations of tourism-oriented establishments;
(c) Regulate and issue licenses to qualified travel agencies in accordance with the rules and regulations promulgated by the Minister;
(d) Encourage formation of industry associations for accreditations by the Ministry;
(e) Assist in auditioning Filipino entertainers in order to project properly and enhance the Filipino image in the entertainment field and thereby gain better international respect and reputation;
(f) Coordinate with all agencies concerned on the enforcement of rules and regulations promulgated by the Ministry.

SEC. 20. Office of Tourism Development Planning. The Office of Tourism Development Planning is hereby created and shall have the following functions:

(a) Formulate plans and policies for the development of the tourism industry, including but not limited to national tourism plans and the identification of master physical plans for tourist zones within the country;
(b) Monitor and evaluate plans, programs and projects of the Ministry to ensure their effective implementation;
(c) Conduct research studies and surveys for the continuing analysis of the tourism industry;
(d) Compile and integrate statistical data on the tourism industry and publish the same;

(e) Coordinate and assist in the implementation of tourism-related projects, plans or operations of local governments, governmental agencies, public corporations, and where clearly necessary and feasible, those of private entities so as to make possible the accelerated and balanced growth and development of tourism in the Philippines which is responsive to the needs of targetted travel markets, domestic and foreign, and beneficial to a greater number of Filipino communities;
(f) Analyze specific geographic areas with potential tourism value leading to the preparation of a national tourism development plan which will establish the order of priority for the development plan of tourist zones;
(g) Formulate a government plan for each zone in coordination with other government agencies and local government(s) exercising political jurisdiction over the area, provided, that the plan of the zone to be developed shall cover specifically those aspects pertaining to tourism; provided further, that the tourism development plan is fully coordinated and integrated with other sectoral plans for the area;
(h) Zone Administration and control:

Coordinate with appropriate local governments and other government agencies, to assist in formulating and implementing zone regulations, including building codes, hotels standards and such other restrictions as may be necessary within a tourist zone to control its orderly development; preserve such historical, cultural and/or natural assets or relics giving the zone its tourism value and significance; and assure adherence to approved zone development plans;

Ensure through proper coordination with appropriate government agencies and local private agencies the social growth of the community within a tourist zone as well; carefully control possible negative social impact brought about by tourism development.

SEC. 21. Office of Product Development. The Office of Product Development is hereby created and shall have the following functions:

(a) Develop and conceptualize new products which can lead to the enhancement of tourist sites and facilities;
(b) Undertake pilot tests for testing the viability and acceptability of new tourism-related products and programs;
(c) Encourage and promote joint undertakings with the private sector of new tourism-related products and programs.

SEC. 22. Office of Tourism Coordination. The Office of Tourism Coordination is hereby created and shall have the following functions:

(a) Initiate and coordinate with all sectors, both government and private, the development of the national tourism plans and policies;
(b) Coordinate priority activities and projects of the Ministry, and other government agencies, and the private sector;
(c) Enlist the assistance and support of any or all of the government agencies in the implementation of the policies of the Ministry;
(d) Provide support to all tourism-related activities of the private sector needing government assistance.

SEC. 23. Office Character and Head. The Offices under Sections 18 to 22 hereof shall be essentially staff in character, each of which shall be headed by a Staff Director.

SEC. 24. Regional Office. The Ministry is hereby authorized to establish, generate and maintain a Regional Office in each of the administrative regions of the country, under the immediate supervision of the Deputy Minister for Tourism Services and Regional Offices. A Regional Office shall be headed by a Regional Director and shall, within its administrative regions, have the following functions:

(a) Implement laws, policies, plans, programs, rules and regulations of the Ministry;
(b) Provide economical, efficient and effective service to the people;
(c) Coordinate with regional offices of other ministries, bureaus and agencies;
(d) Coordinate with local government units;
(e) Perform such other functions as may be provided by law.

SEC. 25. Foreign Field Offices. Subject to the approval of the President the Ministry shall have foreign offices as may be necessary in the marketing and promotion of the Philippines as an international tourist destination, which shall oversee and implement the Ministry's marketing and promotional programs.

SEC. 26. Abolished/Transferred Agencies. Compliance with the following is hereby prescribed:

(a) The Bureau of Tourism Services is hereby abolished and its functions are transferred to the Office of Tourism Standards and Regional Offices in accordance with Section 28 (a) and (b) hereof;
(b) The Bureau of Tourism Promotions is hereby abolished and its functions are transferred, as may be appropriate, to the Bureau of Domestic Tourism Promotions and Bureau of International Tourism Promotions in accordance with Section 28 (a) and (b) hereof;
(c) The Civil Aeronautics Board by the nature of its responsibilities is hereby transferred to the Ministry of Transportation and Communications in accordance with Section 28 (a) and (b) hereof;
(d) The Intramuros Administration and the National Parks Development Committee (E.O. No. 30, 1963) are hereby transferred to the Ministry in accordance with Section 28 (a) and (b) hereof.

SEC. 27. Attached Agencies. The Philippine Tourism Authority and the Philippine Convention Bureau shall thereby be attached to the Ministry. Due to their operation and control over tourist parks and attractions, the Intramuros Administration, and the National Parks Development Committee are hereby attached to the Ministry.

SEC. 28. Transitory Provisions.

(a) The transfer of functions under Section 26 (a) and (b) hereof shall include such appropriations, funds, records, equipment, facilities, other assets and personnel as may be necessary to the proper discharge of such functions. The remaining appropriations and funds shall revert to the General Fund and the remaining records, equipment, facilities and other assets shall be allocated to such appropriate units as the Minister shall determine or shall otherwise be disposed, in accordance with Auditing Code and other pertinent laws, rules and regulations. The liabilities, if any, which may have been incurred in the performance of the same functions or for other purposes shall likewise be treated in accordance with the Auditing Code and

other pertinent laws, rules and regulations. The herein provisions shall likewise apply in the transfer of agencies under Section 26 (c) and (d) hereof.

(b) Incumbents of the abolished bureaus under Section 26 (a) and (b) hereof and the transferred agencies under (c) and (d) of the same Section shall, in a hold over capacity, continue to perform their respective duties and responsibilities and receive the corresponding salaries and benefits unless in the meantime they are separated from the service pursuant to Executive Order No. 17 (1986) or Article III of the Freedom Constitution. Incumbents, whose positions are not included in the new position structure and staffing pattern approved and prescribed by the Minister under Section 29 hereof or who are not reappointed, shall be entitled to the benefits provided in the second paragraph on the same Section 29.

(c) To apply to and closely coordinate with the Fiscal Incentive Review Board to evaluate and recommend appropriate incentives which are competitive with those offered by other countries particularly within the region.

(d) After a period of two (2) years from the approval of this Executive Order, the mandate, powers, functions and position structure and staffing pattern of the Ministry shall be reviewed by the President to determine the appropriate changes which may include continuance of the Ministry or integrating the mandate, powers or functions of the Ministry into a corporate set-up. Any subsequent reorganization shall be approved by the President through an appropriate Executive Order.

SEC. 29. New Structure and Pattern. The officers (the term "officer" as used in this Executive Order is intended to be within the meaning of the term "official" as used in the Freedom Constitution) and employees of the Ministry shall, in a hold over capacity, continue to perform their respective duties and responsibilities and receive the corresponding salaries and benefits unless in the meantime they are separated from the service pursuant to Executive Order No. 17 (1986) or Article III of the Freedom Constitution.

The new position structure and staffing pattern of the Ministry shall be approved and prescribed by the Minister within one hundred twenty (120) days from the approval of this Executive Order and the authorized positions created thereunder shall be filled with regular appointments by him or by the President as the case may be. Those incumbents whose positions are not included therein or who are not reappointed shall be deemed separated from the service. Those separated from the service shall receive the retirement benefits to which they may be entitled under existing laws, rules and regulations. Otherwise, they shall be paid the equivalent of one-month basic salary for every year of service, or the equivalent nearest fraction thereof favorable to them on the basis of the highest salary received, but in no case shall such payment exceed the equivalent of 12 months salary.

No court or administrative body shall issue any writ or preliminary injunction or restraining order to enjoin the separation/replacement of any officer or employee effected under this Executive Order.

SEC. 30. Prohibition Against Changes. No change in the reorganization herein provided shall be valid except upon prior approval of the President for the purpose of promoting efficiency and effectiveness in the delivery of public services.

SEC. 31. Implementing Authority of Minister. The Minister shall issue such rules, regulations and other issuances as may be necessary to ensure the effective implementation of the provisions of this Executive Order.

SEC. 32. Notice or Consent Requirement. If any reorganizational change herein authorized is of such substance or materiality as to prejudice third persons with rights recognized by law or

contract such that notice to or consent of creditors is required to be made or obtained pursuant to any agreement entered into with any of such creditors, such notice or consent requirement shall be complied with prior to the implementation of such reorganizational change.

SEC. 33. Funding. Funds needed to carry out the provisions of this Executive Order shall be taken from funds available in the Ministry.

SEC. 34. Change of Nomenclature. In the event of the adoption of a new Constitution which provides for a presidential form of government, the Ministry shall be called Department of Tourism and the titles of Minister, Deputy Minister, and Assistant Minister shall be changed to Secretary, Undersecretary and Assistant Secretary, respectively.

SEC. 35. Separability. Any portion or provision of this executive Order that may be declared unconstitutional shall not have the effect of nullifying other portions or provisions hereof, as long as such remaining portions or provisions can still subsist and be given effect in their entirety.

SEC. 36. Repealing Clause. All laws, ordinance, rules, regulations, other issuances or parts thereof, which are inconsistent with this Executive Order, are hereby repealed or modified accordingly.

SEC. 37. Effectivity. This Executive Order shall take effect immediately upon its approval.

APPROVED in the City of Manila, Philippines, this 30th day of January, in the year of Our Lord, Nineteen Hundred and Eighty-seven.

(Sgd.) **CORAZON C. AQUINO**

By the President:
(Sgd.) **JOKER P. ARROYO**
Executive Secretary

Source: **Presidential Management Staff**

Office of the President of the Philippines. (1987). *[Executive Order Nos.: 1 - 170]*. Manila: Presidential Management Staff.

MALACAÑANG
MANILA

EXECUTIVE ORDER NO. 120-A
FURTHER STRENGTHENING THE OPERATION OF THE PHILIPPINE CONVENTION BUREAU, RENAMING THE BUREAU AS THE PHILIPPINE CONVENTION AND VISITORS CORPORATION THEREBY AMENDING PRESIDENTIAL DECREE NO. 1448, SERIES OF 1978, AND FOR OTHER PURPOSES

WHEREAS, the Philippine Convention Bureau, herein renamed as the Philippine Convention and Visitors Corporation has to be strengthened further in order to be a more efficient and effective implementing arm of the Department of Tourism, in a manner consistent with Executive Order No. 120, Series of 1987.

NOW, THEREFORE, I, CORAZON C. AQUINO, President of the Philippines, by virtue of the powers vested in me by the sovereign will of the Filipino people and the Constitution, do hereby order and direct:

Section 1. Change of Name. The Philippine Convention Bureau is hereby renamed the Philippine Convention and Visitors Corporation.

Section 2. General Objectives. The general objectives of the Corporation shall be those stated in Section 2 of Presidential Decree No. 1448, Series of 1978.

Section 3. Membership. The Corporation shall be open for membership to entities, groups and individuals with direct and indirect economic, social or cultural interest in travel trade, congresses and conventions.

Section 4. Board of Trustees. There shall be a policy making body to be known as the Board of Trustees composed of:

1. The Secretary of Tourism, Chairman;
2. The Head of Office, United Nations and International Organization, Department of Foreign Affairs, Member;
3. The Governor of the Central Bank of the Philippines or his duly authorized representative, Member;
4. The Representative of the paying members belonging to the Travel Trade Sector, Member;
5. The Representative of the paying members belonging to the Congresses and Conventions Sector, Member;
6. The President of the Philippine Airlines, Inc. or his duly authorized representative, Member;
7. The Undersecretary for Planning, Product Development and Coordination, Department of Tourism, Member;
8. The Undersecretary for Tourism Services and Regional Offices, Department of Tourism, Member;
9. The Undersecretary for Tourism Promotions, Department of Tourism, Member; and
10. The General Manager, Philippine Tourism Authority, Member.

The Chairman of the Board of Trustee shall be assisted by a Vice Chairman who shall be elected from among the members of the Board and who upon the incapacity or absence of the Chairman, act in his stead. The Chief Executive officer of the Corporation shall sit in the Board as an ex-officio Member.

The Board shall appoint a corporate Secretary who shall be responsible for the efficient planning and organization of its activities.

The Board of Trustees shall, in addition to the powers and duties enumerated in Section 7 of Presidential Decree No. 1448, Series of 1978, be involved in the planning, marketing and facilitation of the travel trade, international congresses and conventions.

Section 5. Terms of Office. The term of the Board Members representing the private sector shall be two years.

The terms of all the members from the government sector shall be co-terminus with their tenures of office in their respective government positions.

Section 6. Compensation of the Board of Trustees. Members of the Board of Trustee shall not receive compensation in any form for their services as such, except per diem to be determined by the Board for every actual attendance in meetings.

Attendance in meetings of any Committee created by and composed of members of the Board of trustees shall be considered as attendance in Board Meetings; provided, that in regular meetings of the Board, no proxies shall be allowed.

Section 7. Executive Power. The executive power shall be vested in the Chief Executive Officer of the Corporation hereinafter referred to as Executive Director, whose primary duty is to manage and supervise the operations of the Corporation, with powers as prescribed by the Board of Trustees. He shall be assisted by three (3) Deputy Executive Directors, namely, Deputy Executive Director for Travel Trade, Deputy Executive Director for Convention and Incentive Travel, and Deputy Executive Director for Corporate Affairs.

The Executive Director, and the three (3) Deputy Executive Directors shall be elected by at least eight members of the Board of Trustees.

The tenure of the Executive Director and the three (3) Deputy Executive Directors shall be fixed by the Board of Trustees.

All other appointments to all positions in the Bureau shall be approved by the Board of Trustees upon the recommendation of the Executive Director.

Section 8. Duties of the Executive Director. The Executive Director shall have the following duties and responsibilities:

1. Execute and/or administer the policies and measures approved by the Board of Trustees;
2. Direct, manage, and supervise the operations of the Corporation and be responsible for the efficient and effective conduct thereof;
3. Formulate the general work program of the Corporation;
4. Represent the Corporation in all dealings with other government offices, agencies, and private organizations whether foreign or domestic, as may be authorized by the Board of Trustees;
5. Prepare and submit to the Board of Trustees the annual budget and other supplemental budgets as exigencies demand;
6. Prepare and submit to the Board of Trustees the annual report including statements of finances covering the operations of the Corporations;
7. Perform such other duties and responsibilities as the Board of Trustees may authorize.

Section 9. Organizational Set-up. The Corporation shall have the following offices, namely, Office of the Executive Director, Office of Travel Trade, Office of Convention and Incentive Travel, Office of Corporate Affairs, and such regional and/or foreign offices as may be created under Section 13 hereof.

Section 10. Functions of the Office of Travel Trade. The Office of Travel Trade to be headed by the Deputy Executive Director for Travel Trade shall oversee all programs and activities relating to travel trade marketing. It shall initiate and support the development of sales and promotional programs to attract and encourage travellers to visit the Philippines, including advertising, publication and dissemination of pamphlets, brochures and other publicity materials, the production and distribution of audio-visual materials and participation in international travel fairs and consumer promotion activities.

Section 11. Functions of the Office of Conventions and Incentive Travel. The Office of Conventions and Incentive Travel to be headed by the Deputy Executive Director for Conventions and Incentive Travel shall plan and implement a sustained promotional campaign covering all general and specialized markets to project the country as an ideal meeting, convention and incentive travel destination through sales efforts, special projects, trade exhibits, advertising and other related marketing activities. It shall also serve as a technical arm in assisting organizers of booked conventions and incentive travel programs to ensure the efficient and effective conduct thereof.

Section 12. Functions of the Office of Corporate Affairs. The Office of Corporate Affairs to be headed by the Deputy Executive Director for Corporate Affairs shall take charge of providing the Corporation with services relating to personnel management, compensation administration, human resources development, records management, supplies and equipment procurement, maintenance service, collection and disbursement administration, legal service and shall assist the Corporation in all matters relative to budgetary, financial and management improvement matters. The Office shall also establish a continuous program of market research and data collection as well as take charge of disseminating information and providing marketing and creative services to members as well as training programs geared towards professionalizing the tourism and convention industry.

Section 13. Regional/Foreign Offices. The Board of Trustees may create regional and/or foreign offices as may be necessary to effectively implement any of the general objectives of the Corporation.

Section 14. Funds of the Corporation. Funds for the operation programs and projects of the Corporation shall be drawn from the following sources:

1. Two hundred thousand pesos (₱200,000) annual contribution from each of the government offices represented in the Board of Trustees which shall be automatically provided in key budgetary inclusions in the General Appropriations Act, provided, That the Central Bank shall contribute five hundred thousand pesos (₱500,000). Additionally, the national flag carrier shall, in consonance with their respective development policies, provide substantial support to the programs and activities of the Corporation;
2. An annual subsidy representing fifty percent (50%) of the annual collection of hotel room tax; provided, that the actual expenditure of this allocation shall be subject to government audit;
3. Annual membership dues from the voluntary members in accordance with rates to be established by the Board of Trustees;
4. Subsidies or grants, from any local or foreign sources, that may be received by the Corporation.

Section 15. GSIS Membership. The officers and other personnel of the Corporation shall, by virtue of this Executive Order, become compulsory members of the Government Service Insurance System

(GSIS) and, as such, they shall be entitled to all the benefits normally accorded to GSIS members such as retirement benefits, insurance medicare, leave and similar benefits.

Section 16. Assistance of Other Government Agencies, Offices and Instrumentalities. To accomplish any of its general objectives, the Corporation may request and secure the assistance of any government agency, office or instrumentality.

Section 17. Applicability of the Corporation Code. The provisions of the Corporation Code of the Philippines shall apply to the Corporation insofar as they are not inconsistent or in conflict with the provisions of this Executive Order.

Section 18. Prohibition Against Change. No change in the reorganization herein prescribed shall be valid except upon prior approval of the President for the purpose of promoting efficiency and effectiveness in the delivery of public services.

Section 19. Implementing Authority of the Board of Trustees. The Board of Trustees shall issue such rules, regulations and other issuances as may be necessary to ensure the efficient and effective implementation of the provisions of this Executive Order.

Section 20. Separability. Any portion or provision of this Executive Order that may be declared unconstitutional shall not have the effect of nullifying other portions or provisions hereof as long as such remaining portions or provisions can still subsist and be given effect in their entirety.

Section 21. Repealing Clause. All laws, orders, rules, regulations, issuances or parts thereof, inconsistent with this Executive Order are hereby repealed or modified accordingly.

Section 22. Effectivity. This Executive Order shall take effect immediately.

APPROVED in the City of Manila, Philippines, this 20th day of July, in the Year of Our Lord, Nineteen Hundred and Eighty-Seven.

(Sgd.) **CORAZON C. AQUINO**

By the President:
(Sgd.) **JOKER P. ARROYO**
Executive Secretary

Source: **Presidential Management Staff**

Office of the President of the Philippines. (1987). *[Executive Order Nos.: 1 - 170]*. Manila: Presidential Management Staff.

OFFICE OF THE PRESIDENT
OF THE PHILIPPINES
MALACAÑANG

EXECUTIVE ORDER NO. 121
REORGANIZING AND STRENGTHENING THE PHILIPPINE STATISTICAL SYSTEM AND FOR OTHER PURPOSES

RECALLING that the reorganization of the government is mandated expressly in Article II, Section 1 (a), and Article III of the Freedom Constitution;

HAVING IN MIND that, pursuant to Executive Order No. 5 (1986), there is a need to effect the necessary and proper changes in the organizational and functional structures of the government, its agencies and instrumentalities, in order to promote efficiency and effectiveness in the delivery of public services;

BELIEVING that the present Philippine Statistical System is too decentralized, being characterized by a single general-purpose statistical agency, a number of agencies in the production of specialized statistics and other instrumentalities involved in statistical activities either as their primary functions or as part of their administrative or regulatory functions;

REALIZING that the absence of a strong coordinating mechanism has given rise to the problems of duplication of activities, conflicting statistics, data gaps as well as unnecessary burden on respondents;

CONSIDERING that the government needs to rationalize the allocation of resources for the collection of statistics;

TAKING NOTE that the quality of statistical services is affected by the limited number of qualified statistical workers;

CONVINCED that there is a need to maintain a decentralized system characterized by independence, objectivity and integrity to make it more responsive to the requirements of national development;

CONVINCED further that there is also a need for a stronger mechanism to coordinate the decentralized government statistical service in order to promote the orderly development of a system capable of providing timely, accurate and useful data for the government and the public, especially for planning and decision-making;

AFFIRMING that there is a need to ensure the development and maintenance of high-level statistical manpower in the government;

NOW, THEREFORE, I, CORAZON C. AQUINO, President of the Philippines, by virtue of the powers vested in me by the sovereign will of the Filipino People and the Freedom Constitution, do hereby order:

SECTION 1. Title. This Executive Order shall otherwise be known as the Reorganization Act of the Philippine Statistical System.

SEC. 2. Reorganization. The Philippine Statistical System, hereinafter referred to as PSS, is hereby reorganized, structurally and functionally, in accordance with the provisions of this Executive Order.

SEC. 3. Philippine Statistical System. The PSS shall consist of statistical organizations at all administrative levels, the personnel therein and the national statistical program. This includes a policy-making and coordinating body, a statistical research and training center, a single general purpose statistical agency, all ministries, bureaus, offices, agencies and instrumentalities of the national and

local government and all government-owned or controlled corporations and their subsidiaries that are engaged in statistical activities either as their primary functions or as part of their administrative or regulatory functions. The PSS shall remain decentralized with a strong coordination feature to be achieved through closer linkage between statistical programming and budgeting.

SEC. 4. National Statistical Coordination Board (NSCB). There is hereby created National Statistical Coordination Board, hereinafter referred to as NSCB, which shall be the highest policy-making and coordinating body on statistical matters. The NSCB shall be composed of the following: the National Economic and Development Authority (NEDA) Director-General or his/her designated representative as Chairman; the Deputy Minister of the Ministry of Budget and Management (MBM), as Vice-Chairman; one representative each from the remaining Ministries with the rank of Deputy Minister; the Deputy Governor of the Central Bank; the Administrator of the National Statistics Office; the Secretary General of the NSCB; the Director of the Statistical Research and Training Center; the Governor or City Mayor nominated by the League of Governors and City Mayors; and a member from the private sector to be elected by other members of the Board who shall sit in the Board for a period of three years, as members.

The decisions of the NSCB on statistical matters shall be final and executory.

SEC. 5. Powers and Functions. The NSCB shall have the following powers and functions:

Promote and maintain an efficient statistical system in the government;

(b) Formulate policies on all matters relating to government statistical operations

Recommend executive and legislative measures to enhance the development and efficiency of the system, including the internal structure of statistical agencies;

Establish appropriate mechanism for statistical coordination at the regional, provincial and city levels;

Approve the Philippine Statistical Development Program

Allocate statistical responsibilities among government agencies by designating the statistics to be collected by them, including their periodicity and content;

(g) Review budgetary proposals involving statistical operations and submit an integrated budget for the PSS to the MBM;

Review and clear, prior to release, all funds for statistical operations;

Develop, prescribe, and maintain appropriate framework for the improvement of statistical coordination;

Prescribe uniform standards and classification systems in government statistics;

The NSCB shall not engage directly in any basic data collection activity.

SEC. 6. NSCB Technical Staff. The NSCB shall have a Technical Staff which shall perform the following functions:

Provide technical and secretarial support to the NSCB;

Serve as the statistical clearing house and liaison for international statistical matters;

Perform other functions as may be assigned by the NSCB and as may be necessary to carry out the purposes of this Executive Order.

SEC. 7. Secretary General. The NSCB Technical Staff shall be headed by a Secretary General with the rank of Deputy Minister, who shall be appointed by the President, and is of proven competence and recognized stature in the statistical profession.

SEC. 8. Inter-Agency Committee on Statistics. The NSCB may create inter-agency committees (IAC) to assist it in the exercise of its functions.

SEC. 9. The National Statistics Office. The National Census and Statistics Office is hereby renamed the National Statistics Office (NSO). It shall be the major statistical agency responsible for generating general purpose statistics and undertaking such censuses and surveys as may be designated by the NSCB.

The NSO shall be headed by an Administrator with the rank of Deputy Minister, who shall be appointed by the President, and is of recognized stature and proven competence in the field of statistics.

SEC. 10. The Statistical Research and Training Center. There is hereby created a Statistical Research and Training Center, hereinafter referred to as SRTC, which shall have the following functions:

Develop a comprehensive and integrated research and training program on the theories, concepts and methodologies for the promotion of the statistical system;
Undertake research on statistical concepts, definitions and methods;
Promote collaborative research efforts among members of the academic community, data producers and users;

(d) Conduct non-degree training programs to upgrade the quality of statistical personnel and expand the statistical manpower base in support of the needs of the statistical system;
Provide financial and other forms of assistance to enhance statistical research and development.

SEC. 11. SRTC Governing Board. The SRTC shall have a Governing Board that shall formulate policies for its management and operations. The Secretary General of the NSCB shall be the Chairman of the SRTC Governing Board, with the following as members: Administrator of the National Statistics Office; Director of the Bureau of Agricultural Statistics; Dean of the University of the Philippines Statistical Center; Executive Director of the Philippine Social Science Council; a representative of the NEDA and the Director of the SRTC as ex-officio member.

SEC. 12. SRTC Executive Director. The SRTC shall have an Executive Director who shall be appointed by the SRTC Governing Board. He shall receive such salary and remuneration as may be determined by the SRTC Governing Board.

SEC. 13. SRTC Endowment Fund. There is hereby established an SRTC Endowment Fund which shall consist of contributions, donations, bequests, grants and loans from domestic and/or foreign sources, government appropriations and other incomes accruing from the operations of SRTC, which Fund is to finance the carrying out of Subsection (a) to (e) of the preceding Section 10. There is hereby appropriated out of any fund in the National Treasury or other sources not otherwise appropriated the sum of SEVEN MILLION PESOS (P7,000,000.00) as the initial contribution of the government to the Endowment Fund.

SEC. 14. SRTC Initial Operating Fund. There is hereby appropriated and programmed for immediate release out of any unappropriated balances in the National Treasury or other sources the amount of THREE MILLION PESOS (P3,000.000.00) as the initial operating fund of the SRTC.

SEC. 15. Other Statistical Agencies. Unless otherwise provided for in this Executive Order or modified by the NSCB pursuant to its herein authority, all offices, agencies and instrumentalities of the government including government-owned or controlled corporations and their subsidiaries engaged in the production of specialized statistics or otherwise involved in statistical activities either as their primary function or as part of their administrative or regulatory functions, shall continue to discharge such statistical functions in accordance with the provisions of existing laws, rules and regulations.

SEC. 16. Designated Statistics. The NSCB shall designate statistics that should be collected, compiled, processed and disseminated by agencies in accordance with the statistical calendar approved by the NSCB. It shall promulgate and implement the rules and regulations concerning designated statistics and shall periodically review the list of designated statistics as may be deemed appropriate.

SEC. 17. Access to Data of Government Agencies. Subject to existing laws, rules and regulations on confidentiality of information, any individual, institution or instrumentality shall be given access to unpublished data, provided that the cost incurred is assumed by the requesting party, in accordance with existing laws, rules and regulation.

SEC. 18. Timely Release of Statistics. Agencies conducting statistical inquiries shall be responsible for ensuring the timely release of the results thereof to the general public, in compliance with the statistical calendar approved by the NSCB.

SEC. 19. Statistical Standards. All government agencies shall adopt statistical standards prescribed by the NSCB, including standard concepts and definitions, techniques, procedures and classification systems.

SEC. 20. Funds Programming. The NSCB shall be responsible for the review and prioritization of statistical activities in coordination with appropriate government agencies, given the budgetary ceiling provided by the MBM. The NSCB will also be responsible for determining how the available financial resources will be allocated among the prioritized activities. The MBM shall release the funds in accordance with the priorities set by the NSCB.

SEC. 21. Abolition of Existing Government Bodies. The committees on Statistical development created under Letter of Instructions No. 601, the Statistical Advisory Board created under Part VI, Chapter II, Article II of the 1972 Integrated Reorganization Plan, and the Statistical Coordination Office of the National Economic and Development Authority are hereby abolished and their appropriations, records and properties, if any, and such personnel as may be necessary shall be transferred to the NSCB.

SEC. 22. Transitory Provisions. In accomplishing the acts of reorganization herein prescribed, the following transitory provisions shall be complied with, unless otherwise provided elsewhere in this Executive Order:

(a) The transfer of a government unit shall include the functions, appropriations, funds, records, equipment, facilities, choses in action, rights, other assets, and liabilities, if any, of the transferred unit as well as the personnel thereof, as may be necessary, who shall, in a hold-over capacity, continue to perform their respective duties and responsibilities and receive the corresponding salaries and benefits unless in the meantime they are separated from government service pursuant to Executive Order No. 17 (1986) or Article III of the Freedom Constitution. Those personnel of the transferred unit whose positions are not included in the Philippine Statistical System's new position structure and staffing pattern approved and prescribed by the NSCB Chairman or who are not reappointed shall be deemed separated from the service and shall be entitled to the benefits provided in the second paragraph of Section 23 hereof.

(b) The transfer of functions which results in the abolition of the government unit that has exercised them shall include the appropriations, funds, records, equipment, facilities, choses in action, rights, other assets and personnel as may be necessary to the proper discharge of the transferred functions. The abolished unit's remaining appropriations and funds, if any, shall revert to the General Fund and its remaining assets, if any, shall be allocated to such appropriate units as the Minister shall determine or shall otherwise be disposed in accordance

with the Government Auditing Code and other pertinent laws, rules and regulations. Its liabilities, if any, shall likewise be treated in accordance with the Government Auditing Code and other pertinent laws, rules and regulations. its personnel shall, in a hold-over capacity, continue to perform their duties and responsibilities and receive the corresponding salaries and benefits unless in the meantime they are separated from the service pursuant to Executive Order No. 17 (1986) or Article III of the Freedom Constitution. Its personnel, whose positions are not included in the Philippine Statistical System's new position structure and staffing pattern approved and prescribed by the NSCB Chairman under Section 23 hereof or who are not reappointed, shall be deemed separated from the service and shall be entitled to the benefits provided in the second paragraph of the same Section 23.

(c) The transfer of functions which does not result in the abolition of the government unit that has exercised them shall include the appropriations, funds, records, equipment, facilities, chose in action, rights, other assets and personnel as may be necessary to the proper discharge of the transferred functions. The liabilities, if any, that may have been incurred in connection with the discharge of the transferred functions, shall be treated in accordance with the Government Auditing Code and other pertinent laws, rules and regulations. Such personnel shall, in a hold-over capacity, continue to perform their respective duties and responsibilities and receive the corresponding salaries and benefits unless in the meantime they are separated from the service pursuant to Executive Order No. 17 (1986) or Article III of the Freedom constitution. Any personnel, whose position, is not included in the Philippine Statistical System's new position structure and staffing pattern approved and prescribed by the NSCB Chairman under Section 23 hereof or who has not been reappointed, shall be deemed separated from the service and shall be entitled to the benefits provided in the second paragraph of the same Section 23.

(d) In case of the abolition of a government unit which does not result in the transfer of its functions to another unit, the appropriations and funds of the abolished unit shall revert to the General Fund, while the records, equipment, facilities, choses in action, rights, and other assets, thereof shall be allocated to such appropriate units as the NSCB Chairman shall determine or shall otherwise be disposed in accordance with the Government Auditing Code and other pertinent laws, rules and regulations. The liabilities of the abolished unit shall be treated in accordance with the Government Auditing Code and other pertinent laws, rules and regulations, while the personnel thereof, whose positions are included in the Ministry's new position structure and staffing pattern approved and prescribed by the NSCB Chairman under Section 23 hereof or who have not been reappointed shall be deemed separated from the service and shall be entitled to the benefits provided in the second paragraph of the same Section 23.

(e In case of merger or consolidation of government units, the new or surviving unit shall exercise the functions (subject to the reorganization herein prescribed and the laws, rules and regulations pertinent to the exercise of such functions) and shall acquire the appropriations, funds, records, equipment, facilities, choses in action, rights, other assets, liabilities if any, and personnel, as may be necessary, or (1) the units that compose the merged unit or (2) the absorbed unit, as the case may be. Such personnel shall, in a hold-over capacity, continue to perform their respective duties and responsibilities and receive the corresponding salaries and benefits unless in the meantime they are separated from the service pursuant to Executive Order no. 17 (1986) or Article III of the Freedom Constitution. Any such personnel, whose position is not included in the Philippine Statistical System's new position structure and

staffing pattern approved and prescribed by the NSCB Chairman under Section 23 hereof or who is not reappointed, shall be deemed separated from the service and shall be entitled to the benefits provided in the second paragraph of the same Section 23.

(f) In case of termination of a function which does not result in the abolition of the government unit which has performed such function, the appropriations and funds intended to finance the discharge of such function shall revert to the General Fund, while the record, equipment, facilities, choses in action, rights, and other assets used in connection with the discharge of such function shall be allocated to appropriate units as the NSCB Chairman shall determine or shall otherwise be disposed in accordance with the Government Auditing Code and other pertinent laws, rules and regulations. The liabilities, if any, that may have been incurred in connection with the discharge of such function shall likewise be treated in accordance with the Government Auditing Code and other pertinent laws, rules and regulations. The personnel who have performed such function, whose positions are not included in the Philippine statistical System's new position structure and staffing pattern approved and prescribed by the NSCB Chairman under Section 23 hereof or who have not bee appointed, shall be deemed separated from the service and shall be entitled to the benefits provided in the second paragraph of the same Section 23.

SEC. 23. New Structure and Pattern. Upon approval of this Executive Order, the officers (the term "officer" as used in this Executive Order is intended to be within the meaning of the term "official" as used in the Freedom Constitution) and employees of the abolished entities mentioned in Section 21 hereof shall, in a holdover capacity, continue to perform their respective duties and responsibilities and receive the corresponding salaries and benefits unless in the meantime they are separated from government service pursuant to Executive Order No. 17 (1986) or Article III of the Freedom Constitution.

The new position structure and staffing pattern of the Philippine Statistical System shall be approved and prescribed by the NSCB Chairman within one hundred twenty (120) days from the approval of this Executive Order and the authorized positions created thereunder shall be filled with regular appointments by him or by the President as the case may be. Those incumbents whose positions are not included therein or who are not reappointed shall be deemed separated from the service. Those separated from the service shall receive the retirement benefits to which they may be entitled under the existing laws, rules and regulations. Otherwise, they shall be paid the equivalent of one-month basic salary for every year of service, or the equivalent nearest fraction thereof favorable to them on the basis of highest salary received, but in no case shall such payment exceed the equivalent of 12 months salary.

No court or administrative body shall issue any writ or preliminary injunction or restraining order to enjoin the separation/replacement of any officer or employee effected under this Executive Order.

SEC. 24. Notice or Consent Requirement. If any reorganizational change herein authorized is of such substance or materiality as to prejudice third persons with rights recognized by law or contract such that notice to or consent of creditors are required to be made or obtained pursuant to any agreement entered into with any of such creditors, such notice or consent requirement shall be complied with prior to the implementation of such reorganizational change.

SEC. 25. Periodic Performance Evaluation. The NSCB Chairman is hereby required to formulate and enforce a periodic system of measuring objectively the performance of the NSCB, which shall be submitted semi-annually and annually to the President.

SEC. 26. Prohibition Against Change. No change in the reorganization herein prescribed shall be valid except upon prior approval of the President for the purpose of promoting efficiency and effectiveness in the delivery of public services.

SEC. 27. Funding. Funds needed to carry out the reorganization of any agency or office as a result of this Executive Order shall be taken from funds available in said agency or office.

SEC. 28. Implementing Authority of NSCB Chairman. The NSCB Chairman shall issue such rules, regulations and other issuances as may be necessary to ensure the effective implementation of the provisions of this Executive Order.

SEC. 29. Separability. Any portion or provision of this Executive Order that may be declared unconstitutional shall not have the effect of nullifying other portions or provisions hereof, as long as such remaining portions or provisions can still subsist and be given effect in their entirety.

SEC. 30. Repealing Clause. All laws, ordinances, rules, regulations, other issuances, or parts thereof which are inconsistent with this Executive Order, are hereby repealed or modified accordingly.

SEC. 31. Effectivity. This Executive Order shall take effect immediately upon its approval.

APPROVED in the city of Manila, Philippines, this 30th day of January, in the Year of Our Lord, Nineteen Hundred and Eighty-Seven.

(Sgd.) **CORAZON C. AQUINO**

By the President:
(Sgd.) **JOKER P. ARROYO**
Executive Secretary

Source: **Presidential Management Staff**

Office of the President of the Philippines. (1987). *[Executive Order Nos.: 1 - 170]*. Manila: Presidential Management Staff.

OFFICE OF THE PRESIDENT
OF THE PHILIPPINES
MALACAÑANG

EXECUTIVE ORDER NO. 122
ABOLISHING THE OFFICE OF MUSLIM AFFAIRS AND CULTURAL COMMUNITIES

RECALLING that the reorganization of the government is mandated expressly in Article II, Section I (a), and Article III of the Freedom Constitution;

HAVING IN MIND that pursuant to Executive Order No. 5 (1986) it is directed that necessary and proper changes in the organizational and functional structures of the government, its agencies and instrumentalities be effected in order to promote efficiency and effectiveness in the delivery of public services;

AFFIRMING that the new administration is committed to formulate and implement more rigorous development policies, plans, programs, and projects for tribal Filipinos, otherwise known as Indigenous Cultural Communities, and for Muslim Filipinos, taking into consideration their respective aspirations, customs, traditions, institutions and interests, in order to promote and serve their rich cultural heritage and insure their involvement in the country's national unity and development;

AFFIRMING FURTHER that the creation of specialized agencies duly vested such appropriate powers and functions has become a national demand ncessary to effectively realize the foregoing policies, plans, programs and projects;

NOW, THEREFORE, I, CORAZON C. AQUINO, President of the Philippines, by virtue of the powers vested in me by the sovereign will of the Filipino People and the Freedom Constitution, do hereby order:

SECTION 1. Title. This Executive Order shall otherwise be known as the Reorganization Act of Government Agencies on cultural communities and Muslim affairs.

SEC. 2. Reorganizational Changes. The Office of Muslim Affairs and Cultural Communities is hereby abolished and in its place are created, by the Executive orders respectively creating them, the Office for Northern Cultural Communities and the Office for Southern Cultural Communities, which shall absorb all the functions of the Bureau of National Minorities and the Office of Muslim Affairs, which shall absorb all the functions of the Bureau of Muslim affairs.

SEC. 3. Funds and Assets. Upon the approval of the executive orders respectively creating the Office for Northern Cultural Communities, Office for Southern Cultural Communities and the Office on Muslim Affairs, the assets and liabilities of the Office of Muslim Affairs and Cultural Communities shall be divided as follows:

(a) All records, equipment, facilities, choses in action, rights and other assets of the defunct Presidential Assistant on National Minorities brought into the merger under Executive Order No. 969, and all records, equipment, facilities, choses in action, rights and other assets presently assigned to the Bureau of National Minorities, including its units, field offices, sub-offices and service centers shall accrue in the Offices, for Northern Cultural Communities and Southern Cultural Communities;

(b) All records, equipment, facilities, choses in action, rights and other assets of the defunct Ministry of Muslim Affairs brought into the merger under Executive Order No. 969 and all records, equipment, facilities, choses in action, rights and other assets presently assigned to the Bureau of Muslim Affairs, including its units, field offices, sub-offices and service centers shall accrue to the Office on Muslim Affairs;
(c) The equipment, facilities, and other assets presently assigned to the staff services and their units shall be inventoried and divided among three aforementioned offices;
(d) Unexpended balance of the appropriation and savings as well as liabilities, if any, shall be divided among the three aforementioned Offices.

SEC. 4. Implementing Agency. An implementing agency shall be designated by the President to plan and oversee the implementation of the provisions of the preceeding Section 3.

SEC. 5. Personnel. Upon approval of this Executive Order, the officers (the term "officer" as used in this Executive Order is intended to be within the meaning of the term "official" as used in the Freedom Constitution and the succeeding Constitution) and employees of the Office of Muslim Affairs and Cultural Communities shall, in a holdover capacity, continue to perform their respective duties and responsibilities and receive the corresponding salaries and benefits unless in the meantime they are separated from the service pursuant to Executive Order No. 17 (1986) or Article III of the Freedom Constitution. Their rights and privileges shall also be governed by the executive orders respectively creating the two aforementioned Offices.

SEC. 6. Exercise of Police Power. The abolition of the Office of Muslim Affairs and Cultural Communities as prescribed in the entirety of this Executive Order is hereby intended and deemed to be an exercise of the police power of the State.

SEC. 7. Funding. Funds needed to carry out the provisions of this Executive Order shall be taken from funds available in the Office of the Muslim Affairs and Cultural Communities.

SEC. 8. Separability. Any portion or provision of this Executive Order may be declared unconstitutional shall not have the effect of nullifying other portions or provisions hereof as long as such remaining portions or provisions can still subsist and be given effect in their entirety.

SEC. 9. Repealing Clause. All laws, ordinances, rules, regulations, other issuances or parts thereof, which are inconsistent with this Executive Order, are hereby repealed or modified accordingly.

SEC. 10. Effectivity. This Executive Order shall take effect immediately upon the approval of the three executive orders respectively creating the three aforementioned Offices.

APPROVED in the City of Manila, Philippines, this 30th day of Jan., in the year of Our Lord, Nineteen Hundred and Eighty-seven.

(Sgd.) **CORAZON C. AQUINO**

By the President:
(Sgd.) **JOKER P. ARROYO**
Executive Secretary

Source: **Presidential Management Staff**

Office of the President of the Philippines. (1987). *[Executive Order Nos.: 1 - 170]*. Manila: Presidential Management Staff.

OFFICE OF THE PRESIDENT
OF THE PHILIPPINES
MALACAÑANG

EXECUTIVE ORDER NO. 122-A
CREATING THE OFFICE ON MUSLIM AFFAIRS

RECALLING that the reorganization of the government is mandated expressly in Article II Section 1 (a), and Article III of the Freedom Constitution;

HAVING IN MIND that, pursuant to Executive Order No. 5 (1986), it is directed that necessary and proper changes in the organizational and functional structures of the government, its agencies and instrumentalities be effected in order to promote efficiency and effectiveness in the delivery of public services;

CONSIDERING that the reconciliatory thrust of the government is designed to achieve political stability and hasten the emergence of a truly democratic egalitarian and service-oriented system of government;

AFFIRMING that adequate representation of the Muslim Filipinos in the policy-making councils of the Government will strengthen national unity;

NOW, THEREFORE, I, CORAZON C. AQUINO, President of the Philippines, by virtue of the powers vested in me by the sovereign will of the Filipino People and the Freedom Constitution, do hereby order:

SECTION 1. Title. This Executive Order shall otherwise be known as the Act Creating the Office on Muslim Affairs.

SECTION 2. Office on Muslim Affairs. The Office on Muslim Affairs, hereinafter referred to as Office, is hereby created in accordance with the provisions of this Executive Order and subject to the supervision and control of the President.

SECTION 3. Delegation of Policy. It is henceforth the policy of the State to ensure the rights and well-being of Muslim Filipinos with due regard to their beliefs, customs, traditions and institutions, as well as to further ensure their contribution to national goals and aspirations and to make them active participants in nation-building.

SECTION 4. Mandate. The Office shall preserve and develop the culture, traditions, institutions and well being of Muslim Filipinos, in conformity with the country's laws and in consonance with national unity and development.

SECTION 5. Powers and Functions. To accomplish its mandate, the Office shall have the following powers and functions:

(a) Provide advice and assistance to the President in the formulation, coordination, implementation and monitoring of policies, plans, programs, and projects affecting Muslim communities; when so authorized, represent the President on matters concerning Muslim Communities; serve as a link between the President and public or private agencies, internal or external, involved in such programs and projects; and recommend such affirmative actions as may be necessary for their efficient and effective implementation;

(b) Undertake and coordinate development programs and projects for the advancement of Muslim Communities; including designing, implementing, and maintaining settlements of Muslim Communities;
(c) Act as the primary government agency through which Muslim Filipinos can seek government assistance and redress; serve as the medium through which such assistance may be extended to Muslim Filipinos; for this purpose, the Office is hereby authorized to give grants-in-aid out of its appropriations or other appropriate funds to cooperating government agencies for such programs or projects which are for the development of Muslim Communities; provide services including legal assistance, medical aid, relief and other forms of assistance for the socio-economic upliftment of Muslim Communities;
(d) Enter, subject to existing laws, policies and guidelines, into such contracts, agreements or arrangements with government or private agencies or entities as may be necessary to attain the objectives of the Office, including obtaining loans from lending institutions, subject to the approval of the President, which shall finance its implementation of the provisions of this Executive Order;
(e) In accordance with pertinent laws, rules and regulations then in force, and subject to guidelines provided by the President, promote and enhance the development of domestic trade and commerce among the members of the Muslim communities; or promote and facilitate the establishment by members of the Muslim Communities of venture and investments in cooperation or coordination with existing public enterprises, corporations or private entities; or subject to prior approval of the President, initiate and/or organize, in accordance with pertinent laws, rules and regulations then in force, enterprises based on the principles of Islamic business and finance consisted with existing policies and guidelines for the benefit and welfare of the regions of autonomy;
(f) Accept grants, donations, gifts, funds and/or properties in whatever form and from whatever source, in coordination with the appropriate agency, for the benefit of Muslim Filipinos, and administer the same in accordance with the terms thereof, or in the absence of any condition, in such manner consistent with the interest of Muslim Filipinos as well as existing laws;
(g) Undertake studies, establish and maintain ethnographic research centers and museums on the culture and institutions of Muslim Filipinos for policy formulation and program implementation, and for the purpose of preserving their historical heritage;
(h) Certify, whenever appropriate, membership of persons in Muslim Communities for purposes of establishing qualifications for specific requirements of government and private agencies or for benefits as may be provided by law;
(i) Initiate, subject to the approval of the President, eminent domain proceedings in pursuance of the aims and purposes of this Executive Order;
(j) Acquire, lease or own such property or assets in whatever form as may be necessary, and sell or otherwise dispose of the same, and serve as the custodian or administrator of such lands or areas and other properties or assets the President may reserve for the benefit of Muslim Communities;
(k) Conduct inspections or surveys, jointly with other appropriate agencies, and issue necessary certifications prior to the grant of any license, lease or permit for the exploitation of natural resources affecting the interests of Muslim Communities or areas occupied by them; and, in case of conflicts, recommend to the President appropriate action under the circumstances;

(l) Provide legal and technical services for the survey, adjudication, titling and development of Muslim ancestral lands as well as settlements proclaimed by the government for the Muslim Filipinos;
(m) Initiate, plan, integrate, execute, implement, coordinate, manage, supervise and administer all aspects and phases of programs, projects and activities relevant to the annual hajj (pilgrimage) to Mecca, Saudi Arabia;
(n) Coordinate with and obtain assistance, support and cooperation, from other offices, including the private sector to ensure the success of every such pilgrimage to Mecca, Saudi Arabia;
(o) Conduct a continuing study on, and submit to the President recommendation for, improving and modernizing the system employed to ensure the success of every such pilgrimage to Mecca, Saudi Arabia;
(p) Prescribe rules and regulations, on the administration, supervision and orderly conduct of such pilgrimage to Mecca, Saudi Arabia;
(q) Administer, hold in trust, awqaf (endowments) properties and/or awqaf institutions, and receive by way of grant, donations or gifts awqaf investments in accordance with the principle of Islamic investment and finance;
(r) Prescribe rules and regulations for the establishment of awqaf institutions, administration of awqaf assets, and settlements of disputes among awqaf beneficiaries, pursuant to the general principles of Shari'ah (Islamic Law);
(s) Formulate and adopt a program for the development of the Madrasah schools, in cooperation and coordination with appropriate agencies of government, including the strengthening of programs on Islamic studies; and conduct continuing programs on legal education and research in the field of Shari'ah and Islamic jurisprudence;
(t) Perform such other related functions as may be incidental or necessary in the attainment of the objectives of the Office as may be directed by the President or assigned by Law.

SECTION 6. Membership. The Office shall be composed of an Executive Director and two (2) Deputy Executive Directors, all of whom shall be appointed by the President.

SECTION 7. Rules and Regulations. The Office is hereby authorized to establish and prescribe the rules and regulations governing the conduct of its operations.

SECTION 8. Administrative Supervision and Control. The administrative supervision and control over the personnel, other than the Deputy executive Director, and the properties of the Office shall be vested in the Executive Director. Except Presidential appointees, the appointment of and the imposition of disciplinary measures on the same personnel shall likewise be bested in the Executive Director who shall accomplish the same in consultation with the Deputy Executive Directors except that, when the administrative charge entails, considering the circumstances alleged in the complaint, the penalty of dismissal from the service, the decision thereon shall be by the majority of all the members of the Office. The Executive Director shall exercise administrative supervision over the Deputy Executive Directors. The Deputy Executive Directors shall assist the Executive Director in the performance of his functions, who may assign or delegate specific and substantive or administrative responsibilities to either of them.

SECTION 9. Structural Organization. The Office on Muslim Affairs, comprising the offices of the Executive Director and the Deputy Executive Directors and their immediate staff, shall consist of Services, Bureaus, Regional Offices, Field Offices and Sub-offices and may be established in accordance with this Executive Order.

SECTION 10. Services. The Services of the Office shall consist of the Administrative Service, Finance and Management Service, Planning Service and Legal Service each of which shall be headed by a Staff Director.

SECTION 11. Administrative Service. The Administrative Service shall be responsible for providing the Office with efficient and effective staff services relating to personnel, information, records, supplies, equipment, collection, disbursement, security and custodial work.

SECTION 12. The Finance and Management Service. The Finance and Management Service shall be responsible for providing the Office with efficient and effective staff advice and assistance on budgetary, financial and management matters.

SECTION 13. Planning Service. The Planning Service shall be responsible for providing the Office with efficient and effective staff services relating to planning, monitoring, programming and project development.

SEC. 14. Legal Service. The Legal Service shall be responsible for providing Muslim Filipinos with the legal education and assistance in case of litigations involving their persons or interests; acts as the legal counsel of the Office, and investigate cases involving the personnel of the Office and submit the appropriate recommendations pertaining thereto.

SEC. 15. Bureaus. The Bureaus of the Office shall consist of: the Bureau of Pilgrimage and Endowment, Bureau of Muslim Cooperatives Development, Bureau of Cultural Affairs and Bureau of Muslim Settlements, and Bureau of External Relations, each of which shall be headed by a Bureau Director.

SEC. 16. Bureau of Pilgrimage and Endowment. The Bureau of Pilgrimage and Endowment shall be primarily responsible for the administration of the annual Muslim pilgrimage to Mecca, Saudi Arabia; the formulation and implementation of programs, projects and activities for the efficient and effective administration and supervision of the conduct of pilgrimage activities, Awqaf (endowment) properties and institutions; the conduct of researches and studies for the establishment and maintenance of hajj towns, Islamic centers and Awqaf projects.

SEC. 17. Bureau of Muslim Cooperatives Development. The Bureau of Muslim Cooperatives Development shall be primarily responsible for promoting and developing cooperative endeavors among Muslim Filipinos, including the conduct of researches, symposia, seminars and other development programs and projects as may be directed by the President.

SEC. 18. Bureau of Muslim Cultural Affairs. The Bureau of Muslim Cultural Affairs shall be primarily responsible for the development, promotion and enhancement of Muslim culture and institutions; undertake researches and studies on policy formulation and program implementation, as well as establish and maintain research centers and museums, on Muslim culture and institutions; directly implement development projects and/or provide and coordinate relief assistance to Muslim communities; formulate and implement madrasah development programs; conduct and undertake Shari'ah legal education.

SEC. 19. Bureau of Muslim Settlements. The Bureau of Muslim Settlements shall be responsible for the promotion and development of Muslim settlements, including coordination for relief assistance therefore, the conduct of studies and researches thereon, the monitoring of activities therein as well as the introduction of support programs for the benefit of Muslim communities.

SEC. 20. Bureau of External Relations. The Bureau of External Relations shall coordinate with the proper agencies in soliciting assistance from Muslim countries, their organizations and offices for the benefit of Muslim communities in the Philippines.

SEC. 21. Regional Offices, Field Offices, Sub-offices. The Office is hereby authorized to establish, operate and maintain Regional Offices in such appropriate administrative regions of the country, each

of which shall be headed by a Regional Director. A Regional Office shall have, within its administrative region, the following functions:

(a) Implement laws, rules, regulations, policies, programs and projects of the Office;
(b) Provide efficient and effective service to Muslim Filipinos;
(c) Coordinate with regional offices of ministries, offices and agencies in the administrative region;
(d) Coordinate with local government units;
(e) Perform such other functions as may be provided by law.

The Office is likewise authorized to establish, operate and maintain field offices and sub-offices, whenever necessary, appropriate and feasible, the functions of which shall be determined by the Office.

SECTION 22. Contracts, Agreements and Obligations. All existing legitimate contracts, agreements, and other obligations entered into or incurred by the defunct Office of Muslim Affairs and Cultural Communities and other affected offices, as may be pertaining to such powers and functions which may have been succeeded to by the Office, shall continue to be in force, subject, insofar as the law may allow to review by the Office and subsequent legal action as may be proper, just and fair.

SECTION 23. New Structure and Pattern. The position structure and staffing pattern of the Office shall be approved and prescribed by the Executive Director within one hundred twenty (120) days from the approval of this Executive Order and the authorized positions created thereunder shall be filled with regular appointments by him or by the President, as the case may be. Incumbents of the defunct Office of Muslim Affairs and Cultural Communities whose positions are not included therein or who are not reappointed shall be deemed separated from the service. Those separated from the service shall receive the retirement benefits to which they may be entitled under existing laws, rules and regulations. Otherwise they shall be paid the equivalent of one-month basic salary for every year of service, or equivalent nearest fraction thereof favorable to them on the basis of the highest salary received, but in no case shall such payment exceed the equivalent of 12 months salary.

No court or administrative body shall issue any writ of preliminary injunction or restraining order to enjoin the separation/replacement of any officer (the term "officer" as used in this Executive Order is intended to be within the meaning of the term "official" as used in the Freedom Constitution and the succeeding Constitution) or employee effected under this Executive Order.

SECTION 24. Periodic Performance Evaluation. The Executive Director is hereby required to formulate and enforce a system of measuring and evaluating periodically and objectively the performance of the Office and submit the same annually to the President.

SECTION 25. Prohibition Against Change. No change in the reorganization herein prescribe shall be valid except upon prior approval of the President for the purpose of promoting efficiency and effectiveness in the delivery of public service.

SEC. 26. Funding. Funds needed to carry out the provisions of this Executive Order shall be taken from the funds available in the Office of Muslim Affairs and Cultural Communities.

SEC. 27. Implementing/Authority of Executive Director. The Executive Director shall issue such orders, rules, regulations and other issuances as may be necessary to ensure the effective implementation of this Executive Order.

SEC. 28. Separability. Any portion or provision of this Executive Order that may be declared unconstitutional shall not have the effect of nullifying other portions or provisions hereof as long as such remaining portions or provisions can still subsist and be given effect in their entirety.

SEC. 29. Repealing Clause. All laws, ordinances, rules, regulations, other issuances or parts thereof, which are inconsistent with this Executive Order, are hereby repealed or modified accordingly.

SEC. 30. Effectivity. This Executive Order shall take effect immediately upon its approval.

APPROVED in the City of Manila, Philippines, this 30th day of January, in the Year of Our Lord, Nineteen Hundred and Eighty-Seven.

(Sgd.) **CORAZON C. AQUINO**

By the President:
(Sgd.) **JOKER P. ARROYO**
Executive Secretary

Source: **Presidential Management Staff**

Office of the President of the Philippines. (1987). *[Executive Order Nos.: 1 - 170]*. Manila: Presidential Management Staff.

OFFICE OF THE PRESIDENT
OF THE PHILIPPINES
MALACAÑANG

EXECUTIVE ORDER NO. 122-B
CREATING THE OFFICE FOR NORTHERN CULTURAL COMMUNITIES

RECALLING that the reorganization of the government is mandated expressly in Article II, Section I (a), and Article III of the Freedom Constitution;

HAVING IN MIND that, pursuant to Executive Order No. 5 (1986), it is directed that necessary and proper changes in the organizational and functional structures of the government, its agencies and instrumentalities, be effected in order to promote efficiency and effectiveness in the delivery of public services;

BELIEVING that the new government is committed to formulate more vigorous policies, plans, programs and projects for Tribal Filipinos, otherwise known as Indigenous Cultural Communities, taking into consideration their communal aspirations, customs, traditions, beliefs and interests in order to promote and preserve their rich cultural heritage and insure their participation in the country's development for national unity;

AFFIRMING that the creation of a specialized agency duly vested with appropriate powers and functions has become necessary to effectively implement such policies, plans, programs and projects;

NOW, THEREFORE, I, CORAZON C. AQUINO, President of the Philippines, by virtue of the powers vested in me by the sovereign will of the Filipino People and the Freedom Constitution, do hereby order:

SECTION 1. Title. This Executive Order shall otherwise be known as the Act Creating the Office For Northern Cultural Communities.

SEC. 2. Office For Northern Cultural Communities. The Office for Northern Cultural Communities, encompassing all members of tribal groups in Regions I, II and III, hereinafter referred to as Office is hereby created, in accordance with the provisions of this Executive Order and subject to the supervision and control of the President.

SEC. 3. Declaration of Policy. It is henceforth the policy of the State to ensure the rights and well-being of Northern Cultural Communities, which consist of non-Muslim hilltribes and ethnolinguistic minority groups, with due regard to their beliefs, customs, traditions and institutions, as well as to further ensure their contribution to national goals and aspirations and to make them active participants in nation-building.

SEC. 4. Mandate. The Office shall preserve and develop the culture, traditions, institutions and well-being of the northern cultural communities, in conformity with the country's laws and in consonance with national unity and development.

SEC. 5. Powers and Functions. To accomplish its mandate, the Office shall have the following powers and functions:

(a) Provide advice and assistance to the President in the formulation, coordination, implementation, and monitoring of policies, plans, programs and projects affecting the northern cultural communities, serve as the link between the President and agencies, public or

private, internal or external, involved in such programs and projects; and, recommend such affirmative actions as may be necessary for their efficient and effective implementation;

(b) Undertake and coordinate development programs and projects for the advancement of northern cultural communities, including designing, implementing and maintaining settlements for them;

(c) Serve as the primary government agency through which the northern cultural communities can seek government assistance and serve as the medium through which such assistance may be extended to them;

(d) Serve as the custodian and administrator in charge of all existing Office for Northern Cultural Communities settlements, subdivisions, allocations and distribution of public lands and those which shall hereinafter be reserved by the President of the Philippines for the northern cultural communities including ancestral lands as provided for by law;

(e) Enter, subject to existing laws, policies and guidelines, into such contracts, agreements, or arrangements, with government or private agencies or entities as may be necessary to attain the objectives of the Office, including obtaining loans from lending institutions, subject to the approval of the President of the Philippines, which shall finance the implementation of the provisions of this Executive Order;

(f) Accept grants, donations, gifts, funds and/or properties in whatever form and from whatever source, for the benefit of the northern cultural communities, and administer the same in accordance with the terms thereof, or in the absence of any condition, in such manner consistent with the interests of the northern cultural communities as well as existing laws;

(g) Undertake studies, formulate policies and plans and implement programs and projects for the preservation and development of the historical and cultural heritage of northern cultural communities as well as establish and maintain ethnographic research centers and museums on the culture and institutions of the northern cultural communities as may be necessary;

(h) Certify, whenever appropriate, membership of persons belonging to the northern cultural communities for purposes of establishing qualifications for specific requirements of government and private agencies and for other benefits as may be provided by law;

(i) Coordinate the enforcement of policies and laws protecting the rights of the northern cultural communities to their ancestral lands, including the application of customary laws governing property rights and relations, in determining the ownership and extent of ancestral lands, subject to procedures and standards established by the Legislature or any other duly constitutional authority and for this purpose enlist the assistance of appropriate government agencies, including those concerned with law enforcement;

(j) Acquire, lease or own such properties or assets in whatever form as may be necessary, and sell or otherwise dispose of the same and serve as the custodian or administrator of such lands or areas and other properties or assets as the President may reserve for the benefit of the northern cultural communities;

(k) Conduct inspections or surveys jointly with other appropriate agencies, and issue necessary certifications prior to the grant of any license, lease or permit for the exploitation of natural resources affecting the interests of the northern cultural communities or areas occupied by them; and, in case of conflicts, recommend to the President such action as may be appropriate under the circumstances;

(l) Provide legal and technical services for the survey, adjudication, titling and development of tribal ancestral lands as well as settlements proclaimed by the government for the northern cultural communities;

(m) Provide medical assistance and health programs at the sub-office and service center levels in coordination with the Ministry of Health;
(n) Coordinate the formulation, design, integration and the implementation, where applicable, of development plans which will assist members of the northern cultural communities in developing their ancestral lands with respect to contiguous areas occupied by members hereof, incorporating therein livelihood programs and ecological or environmental considerations consistent with national plans or guidelines, river basin or area development plans, including environmental protection for traditional tribal domains, tribal hunting grounds and sacred ancestral places or tribal cultural assets;
(o) Assist, promote and support community schools, both formal and non-formal, for the benefit of members of the northern cultural communities, incorporating therein the cultural values of the beneficiary communities consistent with the Filipino values of good citizenship and love of country, preferably in areas where existing educational facilities are not accessible to members of the northern cultural communities, in coordination with the Ministry of Education, Culture and Sports;
(p) Encourage trade fairs and market center to serve as outlets for the agricultural and handicraft products of the northern cultural communities; support the establishment of other marketing assistance and credit facilities for the promotion of trade entrepreneurship among northern cultural communities;
(q) Promote peace and harmony within, between and among the northern cultural communities by acting as mediator and encouraging the peaceful settlement of tribal disputes in accordance with prevailing customary laws of each particular tribe; for such purpose, the Office shall codify the customary laws of each particular tribe, specially those on the conduct of adjudication councils;
(r) Submit to the Legislature, upon approval of the President, appropriate legislative proposals intended to carry-out the policy declared under this executive order;
(s) Perform such other functions as may be provided by law.

SEC. 6. Membership. The Office shall be composed of an Executive Director and two (2) Deputy Executive Directors, all of whom shall be appointed by the President.

SEC. 7. Rules and Regulations. The Office is hereby authorized to establish and prescribe the rules and regulations governing the conduct of its operations.

SEC. 8. Administrative Supervision and Control. The administrative supervision and control over the personnel, other than the Deputy Executive Directors, and the properties of the Office shall be vested in the Executive Director. Except presidential appointees, the appointment of and the imposition of disciplinary measures on the same personnel shall likewise be vested in the Executive Director who shall accomplish the same in consultation with the Deputy Executive Director, except that, when the administrative charge entails, considering the circumstances alleged in the complaint, the penalty of dismissal from the service, the decision thereon shall be by the majority of all the members of the Office. The Executive Director shall exercise administrative supervision over the Deputy Executive Directors. The Deputy Executive Directors shall assist the Executive Director in the performance of his functions, who may assign or delegate specific and substantive or administrative responsibilities to either of them.

SEC. 9. Structural Organization. The Office for Northern Cultural Communities, comprising the Offices of the Executive Director and Deputy Executive Directors and their immediate staffs, shall

consist of the Services, Units, Regional Offices, Field Offices and Sub-offices and Service Centers as may be established in accordance with this Executive Order.

SEC. 10. Services. The Staff of the Office shall consist of the Administrative Service, Planning Service, Finance and Management Service and the Legal Service, each of which shall be headed by a Staff Director.

SEC. 11. Administrative Service. The Administrative Service shall be responsible for providing the Office with efficient and effective staff services relating to personnel, information, records, supplies, equipment, collection, disbursement, security and custodial work.

SEC. 12. Planning Service. The Planning Service shall be responsible for providing the Office with economical, efficient and effective services relating to planning, monitoring and project development.

SEC. 13. Finance and Management Service. The Finance and Management Service shall be responsible for providing the Office with efficient and effective staff advice and assistance on budgetary, financial and management matters.

SEC. 14. Legal Service. The Legal Service shall be responsible for providing the members of the northern cultural communities with the legal education and assistance in case of litigations involving their persons or interests; undertake research, compilation and codification of customary laws and traditions of each tribe of the northern cultural communities as well as existing legislations; assist the Legislative Branch of the national government in the initiating and enacting legislation benefiting the northern cultural communities; extend technical assistance for the organization and orderly conduct of tribal adjudication councils; coordinate with duly constituted authorities in providing protective service to members of the northern cultural communities; act as legal counsel of the Office; investigate cases involving the Office's personnel; recommend to the Office appropriate recommendations pertaining thereto.

SEC. 15. Units. The Units of the Office shall consist of the Economic Affairs Unit, Cultural Affairs Unit and Tribal Relations and External Affairs Unit.

SEC. 16. Economic Affairs Unit. The Economic Affairs Unit shall have the following functions:

(a) Promote and develop economic livelihood projects and programs through the extension of loans, entrepreneurship, trade and marketing assistance to the members of the northern cultural communities;
(b) Undertake researches and studies which would serve as inputs to policy and plan formulation and program and project implementation relative to the economic well-being of northern cultural communities, including the development, protection and conservation of the physical environment within their ancestral lands for the maintenance of ecological balance and for the conservation of their patrimony;
(c) Implement economic development projects coordinate relief assistance of whatever nature to the northern cultural communities;
(d) Formulate and implement manpower training and community self-help projects for the economic development of the northern cultural communities;
(e) Conduct feasibility studies regarding the provisions of medical assistance, including health and nutrition services to the northern cultural communities;
(f) Oversee or supervise the effective and efficient implementation of policies, plans, programs, and projects of the Office on economic community livelihood development by Regional and Field Offices;

(g) Design, formulate and implement land-use development policies and plans for ancestral and tribal lands including resettlement areas for the northern cultural communities;
(h) Manage, administer and supervise settlement projects for the northern cultural communities.

SEC. 17. Cultural Affairs Unit. The Cultural Affairs Unit shall have the following functions:

(a) Conduct researches and studies relative to the cultural development of the northern cultural communities, the result of which would serve as the basis for policy and plans formulation and program and project implementation. Correspondingly, it shall maintain research centers and tribal cultural centers as may be necessary;
(b) Establish and maintain a central library, museum and audio-visual center to serve as repositories of information regarding the northern cultural communities
(c) Develop procedures and pursue a systematic dissemination of information about the various ethnic tribes and communities comprising the northern cultural communities for the purpose of promoting better understanding and communities and the mainstream populace;
(d) Formulate and implement an education program especially designed to improve the literary level of adult and out-of-school youth members of the northern cultural communities, subject to the approval of the Ministry of Education, Culture and Sports;
(e) Develop and maintain a scholarship program for poor but deserving members of the northern cultural communities who wish to pursue high school and higher education;
(f) Oversee and supervise the effective and efficient implementation of policies, plans, programs and projects of the Office on matters pertaining to the preservation and development of the culture, traditions, institutions and well-being of the northern cultural communities
(g) Coordinate its activities and provide assistance to the appropriate national agencies concerned with national cultural programs and objectives.

SEC. 18. Tribal Relations and External Affairs Unit. The Tribal Relations and External Affairs Unit shall have the following functions:

(a) Serve as the political arm of the Office;
(b) Plan, conceptualize, formulate, implement and monitor program and projects on affirmative actions and positive cultural values related to the northern cultural communities;
(c) Serve as the linkage between the Office and local as well as international private and non-government organizations;
(d) Serve as the negotiating arm of the Office with local, regional, national and international government agencies;
(e) Formulate and design programs on symposia among tribal groups and instill in them their place in contemporary Philippine society;
(f) Initiate the organization of tribal adjudication councils among the different tribal communities and federate them into mother organizations:
(g) Act as the catalyst in the strengthening of the indigenous tribal institutions governing inter-tribal relations;
(h) Accept grants, gifts, donations of funds and properties from any source, pursuant to Section 5 (f) of this Executive Order;
(i) Act as the public relations and information center of the Office.

SEC. 19. Consultation and Coordination with Office. The governing boards, councils or committees of various national and regional units as well as local government units shall consult and coordinate with the Office in the formulation and execution of their policies, plans, programs and projects, whenever the welfare and interest of the northern cultural communities within their planning area or operational jurisdiction are being affected or would result in their displacement. Should the Office find compelling reasons, after due investigation, that the welfare, interest or well-being of the northern cultural communities are prejudiced, the Office shall submit to the President its recommendations for appropriate reliefs or remedies, as the case may be. Whenever necessary, the President may designate the Executive Director of the office or his duly authorized representative to such boards, councils, or committees of various national and regional development units to effect better policy, plans, program and project coordination between the Office and such units.

SEC. 20. Joint Investigation with Bureau of Forest Development. The Office shall conduct, jointly with the Bureau of Forest Development, inspection of areas covered by application for licenses, leases or permits, granted under the Revised Forestry Code (Presidential Decree No. 705) in provinces and cities which, according to the latest official population census, are inhabited by the northern cultural communities with the objective of determining the extent to which said license, lease or permit applications affect the rights of members of the northern cultural communities residing therein, and on the basis of said inspection, issue certification of such findings. No such license, lease or permit shall be granted without such prior joint inspection being made. The Office may interpose objections, or present petitions for exclusion of or for recognition of specific parliamentary rights with specific areas which are inhabited by northern cultural communities.

SEC. 21. Consultative Body. The Executive Director may create a consultative body which shall be composed of the Deputy Executive Directors and representatives from the northern cultural communities the number of which shall be determined by the Executive Director. The function of such body is to supervise the Executive Director on matters relating to the problems and aspirations of the northern cultural communities. The body shall meet quarterly or whenever called by the Executive Director.

SEC. 22. Preference in Employment. The Executive Director shall, for the extent practicable, appoint deserving members of the northern cultural communities to appropriate positions in the Office even if such appointees do not possess the required civil service eligibility pursuant to Section 23 of Presidential Decree No. 807, in consonance with the provisions of Presidential Decree No. 1414; provided, however, that priority consideration shall be given to qualified members of the northern cultural communities who possess civil service eligibility; and provided, further, that in the filling up of positions in the approved position structure and staffing pattern of the Office, preference shall be given to qualified and eligible personnel of the former Bureau of National Minorities.

SEC. 23. Regional Office, Field Offices, Sub-offices. The Office is hereby authorized to establish, operate and maintain Regional Offices in such appropriate administrative regions of the country, each of which shall be headed by a Regional Director. A Regional Office shall have, within its administrative region, the following functions:

(a) Implement laws, rules, regulations, policies, plans, programs and projects of the Office;
(b) Provide efficient and effective service to the northern cultural communities;
(c) Coordinate with regional offices of ministries, offices and agencies in the administrative region;
(d) Coordinate with local government units;
(e) Perform such other functions as may be provided by law.

The Office is likewise authorized as may be provided by law, maintain field offices and sub-offices and service centers and whenever necessary, appropriate and feasible, the functions of which shall be determined by the Office.

SEC. 24. Contracts Agreements and Obligations. All existing legitimate contracts, agreements, and other obligations entered into or incurred by the defunct Office of Muslim Affairs and Cultural Communities and other affected offices, as may be pertaining to such powers and functions which may have been succeeded to by the Office, shall continue to be in force, subject, insofar as the law may allow, to review by the Office and to subsequent legal action as may be proper, just and fair.

SEC. 25. New Structure and Pattern. The new structure and staffing pattern of the Office shall be approved and prescribed by the Executive Director within one hundred twenty (120) days from the approval of this Executive Order and the authorized positions created thereunder shall be filled with regular appointments by him or by the President as the case may be. Those incumbents of the defunct Office of Muslim Affairs and Cultural Communities whose positions are not included therein or who are not appointed shall be deemed separated from the service. Those separated from the service shall receive the retirement benefits to which they may be entitled under existing laws, rules and regulations. Otherwise, they shall be paid the equivalent of one-month basic salary for every year of service or equivalent nearest fraction thereof favorable to them on the basis of the highest salary received, but in no case shall such payment exceed the equivalent of twelve (12) months salary.

No court administrative body shall issue any writ of preliminary injunction or restraining order to enjoin the separation/replacement of any officer (the term "officer" as used in this executive Order is intended to be within the meaning of the term "official" as used in the Freedom Constitution and the succeeding constitution) or employee affected under this Executive Order.

SEC. 26. Periodic Performance Evaluation. The Executive Director is hereby required to formulate and enforce a system of measuring and evaluating periodically and objectively the performance of the Office and submit the same annually to the President.

SEC. 27. Prohibition Against Change. No change in the reorganization herein prescribed shall be valid except upon prior approval of the President for the purpose of promoting efficiency and effectiveness in the delivery of public service.

SEC. 28. Funding. Funds needed to carry out the provisions of this Executive Order shall be taken from funds available in the Office of Muslim Affairs and Cultural Communities.

SEC. 29. Implementing Authority of Executive Director. The Executive Director shall issue such rules, regulations and other issuance as may be necessary to ensure the effective implementation of the provisions of this Executive Order.

SEC. 30. Separability. Any portion or provision of this Executive Order that may be declared unconstitutional shall not have the effect of nullifying other portions or provisions hereof as long as such remaining portions or provisions can still subsist and be given effect in their entirety.

SEC. 31. Repealing Clause. All laws, ordinances, rules, regulations, other issuances or any parts thereof, inconsistent with this Executive Order, are hereby repealed or modified accordingly.

SEC. 32. Effectivity. This Executive Order shall take effect immediately upon its approval.

APPROVED in the City of Manila, Philippines, this 30th day of Jan., in the year of Our Lord, Nineteen Hundred and Eighty-Seven.

(Sgd.) **CORAZON C. AQUINO**

By the President:
(Sgd.) **JOKER P. ARROYO**
Executive Secretary

Source: **Presidential Management Staff**

Office of the President of the Philippines. (1987). *[Executive Order Nos.: 1 - 170]*. Manila: Presidential Management Staff.

OFFICE OF THE PRESIDENT
OF THE PHILIPPINES
MALACAÑANG

EXECUTIVE ORDER NO. 122-C
CREATING THE OFFICE FOR SOUTHERN CULTURAL COMMUNITIES

RECALLING that the reorganization of the government is mandated expressly in Article II, Section I (a), and Article III of the Freedom Constitution;

HAVING IN MIND that, pursuant to Executive Order No. 5 (1986), it is directed that necessary and proper changes in the organizational and functional structures of the government, its agencies and instrumentalities, be effected in order to promote efficiency and effectiveness in the delivery of public services;

BELIEVING that the new government is committed to formulate more vigorous policies, plans, programs and projects for Tribal Filipinos, otherwise known as Indigenous Cultural Communities, taking into consideration their communal aspirations, customs, traditions, beliefs and interests in order to promote and preserve their rich cultural heritage and insure their participation in the country's development for national unity;

AFFIRMING that the creation of a specialized agency duly vested with appropriate powers and functions has become necessary to effectively implement such policies, plans, programs and projects;

NOW, THEREFORE, I, CORAZON C. AQUINO, President of the Philippines, by virtues of the powers vested in me by the sovereign will of the Filipino People and the Freedom Constitution, do hereby order:

SECTION 1. Title. This Executive Order shall otherwise be known as the Act Creating the Office For Southern Cultural Communities.

SEC. 2. Office For Southern Cultural Communities. The Office for Southern Cultural Communities, encompassing all members of tribal groups in Regions IV, V, VI, VII, IX, X, XI, and XII hereinafter referred to as Office is hereby created, in accordance with the provisions of this Executive Order and subject to the supervision and control of the President.

SEC. 3. Declaration of Policy. It is henceforth the policy of the State to ensure the rights and well-being of Southern Cultural Communities, which consist of non-Muslim hilltribes and ethnolonguistic minority groups, with due regard to their beliefs, customs, traditions and institutions, as well as to further ensure their contribution to national goals and aspirations and to make them active participants in nation-building.

SEC. 4. Mandate. The Office shall preserve and develop the culture, traditions, institutions and well-being of the southern cultural communities, in conformity with the country's laws and in consonance with national unity and development.

SEC. 5. Powers and Functions. To accomplish its mandate, the Office shall have the following powers and functions:

(a) Provide advice and assistance to the President in the formulation, coordination, implementation, and monitoring of policies, plans, programs and projects affecting the southern cultural communities; serve as the link between the President and agencies, public

or private, internal or external, involved in such programs and projects; and recommend such affirmative actions as may be necessary for their efficient and effective implementation;

(b) Undertake and coordinate development programs and projects for the advancement of southern cultural communities, including designing, implementing and maintaining settlements for them;

(c) Serve as the primary government agency through which the southern cultural communities can seek government assistance and serve as the medium through which such assistance may be extended to them;

(d) Serve as the custodian and administrator in charge of all existing Office for Southern Cultural Communities settlements, subdivisions, allocations and distribution of public lands and those which shall hereinafter be reserved by the President of the Philippines for the southern cultural communities including ancestral lands as provided for by law;

(e) Enter, subject to existing laws, policies and guidelines, into such contracts, agreements, or arrangements, with government or private agencies or entities as may be necessary to attain the objectives of the Office, including obtaining loans from lending institutions, subject to the approval of the President of the Philippines, which shall finance the implementation of the provisions of this Executive Order;

(f) Accept grants, donations, gifts, funds, and/or properties in whatever form and from whatever source, for the benefit of the southern cultural communities, and administer the same in accordance with the terms thereof, or in the absence of any condition, in such manner consistent with the interests of the southern cultural communities as well as existing laws;

(g) Undertake studies, formulate policies and plans and implement programs and projects for the preservation and development of the historical and cultural heritage of southern cultural communities as well as establish and maintain ethnographic research centers and museums on the culture and institutions of the southern cultural communities as may be necessary;

(h) Certify, whenever appropriate, membership of persons belonging to the southern cultural communities for purposes of establishing qualifications for specific requirements of government and private agencies and for other benefits as may be provided by law;

(i) Coordinate the enforcement of policies and laws protecting the rights of the southern cultural communities to their ancestral lands, including the application of customary laws governing property rights and relations, in determining the ownership and extent of ancestral lands, subject to procedures and standards established by the Legislature or any other duly constitutional authority and for this purpose enlist the assistance of appropriate government agencies, including those concerned with law enforcement;

(j) Acquire, lease or own such properties or assets in whatever form as may be necessary, and sell otherwise dispose of the same and serve as the custodian or administrator of such lands or areas and other properties or assets as the President may reserve for the benefit of the southern cultural communities;

(k) Conduct inspections or surveys jointly with other appropriate agencies, and issue necessary certifications prior to the grant of any license, lease or permit for the exploitation of natural resources affecting the interests of the southern cultural communities or areas occupied by them; and, in case of conflicts, recommend to the President such action as may appropriate under the circumstances;

(l) Provide legal and technical services for the survey, adjudication, titling and development of tribal ancestral lands as well as settlements proclaimed by the government for the southern cultural communities;

(m) Provide medical assistance and health programs at the sub-office and service center levels in coordination with the Ministry of Health;
(n) Coordinate the formulation, design, integration and the implementation, where applicable, or development plans which will assist members of the southern cultural communities in developing their ancestral lands with respect to contiguous areas occupied by members hereof, incorporating therein livelihood programs and ecological or environmental considerations consistent with national plans or guidelines, river basin or area development plans, including environmental protection for traditional tribal domains, tribal hunting grounds and sacred ancestral places or tribal cultural assets;
(o) Assist, promote and support community schools, both formal and non-formal, for the benefit of members of the southern cultural communities, incorporating therein the cultural values of the beneficiary communities consistent with the Filipino values of good citizenship and love of country, preferably in area where existing educational facilities are not accessible to members of the southern cultural communities, in coordination with the Ministry of Education, Culture and Sports;
(p) Encourage trade fairs and market center to serve as outlets for the agricultural and handicraft products of the southern cultural communities; support the establishment of other marketing assistance and credit facilities for the promotion of trade and entrepreneurship among southern cultural communities;
(q) Promote peace and harmony within, between and among the southern cultural communities by acting as mediator and encouraging the peaceful settlement of tribal disputes in accordance with prevailing customary laws of each particular tribe; for such purpose, the Office shall codify the customary laws of each particular tribe, specially those on the conduct of adjudication councils;
(r) Submit to the Legislature, upon approval of the President, appropriate legislative proposals intended to carry-out the policy declared under this executive order;
(s) Perform such other functions as may be provided by law.

SEC. 6. Membership. The Office shall be composed of an Executive Director and two (2) Deputy Executive Directors, all of whom shall be appointed by the President.

SEC. 7. Rules and Regulations. The Office is hereby authorized to establish and prescribe the rules and regulations governing the conduct of its operations.

SEC. 8. Administrative Supervision and Control. The administrative supervision and control over the personnel, other than the Deputy Executive Directors, and the properties of the Office shall be vested in the Executive Director. Except presidential appointees, the appointment of and the imposition of disciplinary measures on the same personnel likewise be vested in the Executive Director who shall accomplish the same in consultation with the Deputy Executive Directors, except that, when the administrative charge entails, considering the circumstances alleged in the complaint, the penalty of dismissal from the service, the decision thereon shall be by the majority of all the members of the Office. The Executive Director shall exercise administrative supervision over the Deputy Executive Directors. The Deputy Executive Directors shall assist the Executive Director in the performance of his functions, who may assign or delegate specific and substantive or administrative responsibilities to either of them.

SEC. 9. Structural Organization. The Office for Southern Cultural Communities, comprising the Offices of the Executive Director and Deputy Executive Directors and their immediate staffs, shall

consist of the Services, Units, Regional Offices, Field Offices and Sub-offices and Service Centers as may be established in accordance with this Executive Order.

SEC. 10. Services. The Staff of the Office shall consist of the Administrative Service, Planning Service, Finance and Management Service and the Legal Service, each of which shall be headed by a Staff Director.

SEC. 11. Administrative Service. The Administrative Service shall be responsible for providing the Office with efficient and effective staff services relating to personnel, information, records, supplies, equipment, collection, disbursement, security and custodial work.

SEC. 12. Planning Service. The Planning Service shall be responsible for providing the Office with economical, efficient and effective services relating to planning, monitoring and project development.

SEC. 13. Finance and Management Service. The Finance and Management Service shall be responsible for providing the Office with efficient and effective staff advice and assistance on budgetary, financial and management matters.

SEC. 14. Legal Service. The Legal Service shall be responsible for providing the members of the southern cultural communities with the legal education and assistance in case of litigations involving their persons or interests; undertake research, compilation and codification of customary laws and traditions of each tribe of the southern cultural communities as well as existing legislations; assist the Legislative Branch of the national government in initiating and enacting legislation benefitting the southern cultural communities; extend technical assistance for the organization and orderly conduct of tribal adjudication councils; coordinate with duly constituted authorities in providing protective services to members of the southern cultural communities; act as legal counsel of the Office; investigate cases involving the Office's personnel; recommend to the Office appropriate recommendations pertaining thereto.

SEC. 15. Units. The Units of the Office shall consist of the Economic Affairs Unit, Cultural Affairs Unit and of Tribal Relations and External Affairs Unit.

SEC. 16. Economic Affairs Unit. The Economic Affairs Unit shall have the following functions:

(a) Promote and develop economic livelihood projects and programs through the extension of loans, entrepreneurship, trade and marketing assistance to the members of the southern cultural communities;
(b) Undertake researches and studies which would serve as inputs to policy and plan formulation and program and project implementation relative to the economic well-being of southern cultural communities, including the development, protection and conservation of the physical environment within their ancestral lands for the maintenance of ecological balance and for the conservation of their patrimony;
(c) Implement economic development projects and coordinate relief assistance of whatever nature to the southern cultural communities;
(d) Formulate and implement manpower training and community self-help projects for the economic development of the southern cultural communities;
(e) Conduct feasibility studies regarding the provisions of medical assistance, including health and nutrition services to the southern cultural communities;
(f) Oversee or supervise the effective and efficient implementation of policies, plans, programs and projects of the Office on economic community livelihood development by Regional and Field Offices;
(g) Design, formulate and implement land-use development policies and plans for ancestral and tribal lands including resettlement areas for the southern cultural communities;

(h) Manage, administer and supervise settlement projects for the southern cultural communities.

SEC. 17. Cultural Affairs Unit. The Cultural Affairs Unit shall have the following functions:

(a) Conduct researches and studies relative to the cultural development of the southern cultural communities, the result of which would serve as the basis for policy and plans formulation and program and project implementation. Correspondingly, it shall maintain research centers and tribal cultural centers as may be necessary;
(b) Establish and maintain a central library, museum and audio-visual center to serve as repositories of information regarding the southern cultural communities;
(c) Develop procedures and pursue a systematic dissemination of information about the various ethnic tribes and communities comprising the southern cultural communities for the purpose or promoting better understanding and goodwill between the tribes and communities and the mainstream populace;
(d) Formulate and implement an education program especially designated to improve the literacy level of adult and out-of-school youth members of the southern cultural communities, subject to the approval of the Ministry of Education, Culture and Sports;
(e) Develop and maintain a scholarship program for poor but deserving members of the southern cultural communities who wish to pursue high school and higher education;
(f) Oversee and supervise the effective and efficient implementation of policies, plans, programs and projects of the Office on matters pertaining to the preservation and development of the culture, traditions, institutions and well-being of the southern cultural communities;
(g) Coordinate its activities and provide assistance to the appropriate national agencies concerned with national cultural programs and objectives.

SEC. 18. Tribal Relations and External Affairs Unit. The Tribal Relations and External Affairs Unit shall have the following functions:

(a) Serve as the political arm of the Office;
(b) Plan, conceptualize, formulate, implement and monitor program and projects on affirmative actions and positive cultural values related to the southern communities;
(c) Serve as the linkage between the Office and local as well as international private and non-government organizations;
(d) Serve as the negotiating arm of the Office with local, regional, national and international government agencies;
(e) Formulate and design programs on symposia among tribal groups and instill in them their place in contemporary Philippine society;
(f) Initiate the organization of tribal adjudication councils among the different tribal communities and federate them into mother organizations;
(g) Act as the catalyst in the strengthening of the indigenous tribal institutions governing inter-tribal relations;
(h) Accept grants, gifts, donations of funds and properties from any source, pursuant to Section 5 (f) of this Executive Order;
(i) Act as the public relations and information center of the Office.

SEC. 19. Consultation and Coordination with Office. The governing boards, councils or committees of various national and regional units as well as local government units shall consult and coordinate with the Office in the formulation and execution of their policies, plans, programs and projects, whenever the welfare and interest of the southern cultural communities within their planning area or operational jurisdiction are being affected or would result in their displacement. Should the Office find compelling reasons, after due investigation, that the welfare, interest or well-being of the southern cultural communities are prejudiced, the Office shall submit to the President its recommendations for appropriate reliefs or remedies, as the case may be. Whenever necessary, the President may designate the Executive Director of the office or his duly authorized representative to such boards, councils, or committees of various national and regional development units to effect better policy, program and project coordination between the Office and such units.

SEC. 20. Joint Investigation with Bureau of Forest Development. The Office shall conduct, jointly with the Bureau of Forest Development, inspection of areas covered by applications for licenses, leases or permits, granted under the Revised Forestry Code (Presidential Decree No. 705) in provinces and cities which, according to the latest official population census, are inhabited by the southern cultural communities with the objective of determining the extent to which said license, lease or permit applications affect the rights of members of the southern cultural communities residing therein, and on the basis of said inspection, issue certification of such findings. No such license, lease or permit shall be granted without such prior joint inspection being made. The Office may interpose objections, or present petitions for exclusion of or for recognition of specific parliamentary rights with specific areas which are inhabited by southern cultural communities.

SEC. 21. Consultative Body. The Executive Director may create a consultative body which shall be composed of the Deputy Executive Directors and representatives from the southern cultural communities the number of which shall be determined by the Executive Director. The function of such body is to advise the Executive Director on matters relating to the problems and aspirations of the southern cultural communities. The body shall meet quarterly or whenever called by the Executive Director.

SEC. 22. Preference in Employment. The Executive Director shall, for the extent practicable, appoint deserving members of the southern cultural communities to appropriate positions in the Office even if such appointees do not possess the required civil service eligibility pursuant to Section 23 of Presidential Decree No. 807, in consonance with the provisions of Presidential Decree No. 1414; provided, however, that priority consideration shall be given to qualified members of the southern cultural communities who possess civil service eligibility; and provided, further that in the filling up of positions in the approved position structure and staffing pattern of the Office, preference shall be given to qualified and eligible personnel of the former Bureau of National Minorities.

SEC. 23. Regional Office, Field Offices, Sub-offices. The Office is hereby authorized to establish, operate and maintain Regional offices in such appropriate administrative regions of the country, each of which shall be headed by a Regional Director. A Regional Office shall have, within its administrative region, the following functions:

(a) Implement laws, rules, regulations, policies, plans, programs and projects of the Office;
(b) Provide efficient and effective service to the southern cultural communities;
(c) Coordinate with regional offices of departments, offices and agencies in the administrative region;
(d) Coordinate with local government units;
(e) Perform such other functions as may be provided by law.

The Office is likewise authorized as may be provided by law, maintain field offices and sub-offices and service centers and whenever necessary, appropriate and feasible, the functions of which shall be determined by the Office.

SEC. 24. Contracts Agreement and Obligations. All existing legitimate contracts, agreements, and other obligations entered into or incurred by the defunct Office of Muslim Affairs and Cultural Communities and other affected offices, as may be pertaining to such powers and functions which may have been succeeded to by the Office, shall continue to be in force, subject, insofar as the law may allow, to review by the Office and to subsequent legal actions as may be proper, just and fair.

SEC. 25. New Structure and Pattern. The new structure and staffing pattern of the Office shall be approved and prescribed by the Executive Director within one hundred twenty (120) days from the approval of this Executive Order and the authorized positions created thereunder shall be filled with regular appointments by him or by the President as the case may be. Those incumbents of the defunct Office of Muslim Affairs and Cultural Communities whose positions are not included therein or who are not appointed shall be deemed separated from the service. Those separated from the service shall receive the retirement benefits to which they may be entitled under existing laws, rules and regulations. Otherwise, they shall be paid the equivalent of one-month basic salary for every year of service or equivalent nearest fraction thereof favorable to them on the basis of the highest salary received, but in no case shall such payment exceed the equivalent of twelve (12) months salary.

No court or administrative body shall issue any writ of preliminary injunction or restraining order to enjoin the separation/replacement of any officer (the term "officer" as used in this executive Order is intended to be within the meaning of the term "official" as used in the Freedom Constitution and the succeeding constitution) or employee effected under this Executive Order.

SEC. 26. Periodic Performance Evaluation. The Executive Director is hereby required to formulate and enforce a system of measuring and evaluating periodically and objectively the performance of the Office and submit the same annually to the President.

SEC. 27. Prohibition Against Change. No change in the reorganization herein prescribed shall be valid except upon prior approval of the President for the purpose or promoting efficiency and effectiveness in the delivery of public service.

SEC. 28. Funding. Funds needed to carry out the provisions of this Executive Order shall be taken from funds available in the Office of Muslim Affairs and Cultural Communities.

SEC. 29. Implementing Authority of Executive Director. The Executive Director shall issue such rules, regulations and other issuances as may be necessary to ensure the effective implementation of the provisions of this Executive Order.

SEC. 30. Separability. Any portion or provision of this Executive Order that may be declared unconstitutional shall not have the effect of nullifying other portions or provisions hereof as long as such remaining portions or provisions can still subsist and be given effect in their entirety.

SEC. 31. Repealing Clause. All laws, ordinances, rules, regulations, other issuances or any parts thereof, inconsistent with this Executive Order, are hereby repealed or modified accordingly.

SEC. 32. Effectivity. This Executive Order shall take effect immediately upon its approval.

APPROVED in the City of Manila, Philippines, this 30th day of Jan., in the Year of Our Lord, Nineteen Hundred and Eighty-Seven.

(Sgd.) **CORAZON C. AQUINO**

By the President:
(Sgd.) **JOKER P. ARROYO**
Executive Secretary

Source: **Presidential Management Staff**

Office of the President of the Philippines. (1987). *[Executive Order Nos.: 1 - 170]*. Manila: Presidential Management Staff.

OFFICE OF THE PRESIDENT
OF THE PHILIPPINES
MALACAÑANG

EXECUTIVE ORDER NO. 123
REORGANIZING THE MINISTRY OF SOCIAL SERVICES AND DEVELOPMENT, NOW REFERRED TO AS MINISTRY OF SOCIAL WELFARE AND DEVELOPMENT

RECALLING that the reorganization of the government is mandated expressly in Article II, Section 1 (a), and Articles III of the Freedom Constitution;

HAVING IN MIND that, pursuant to Executive Order No. 5 (1986), it is directed that necessary and proper changes in the organizational and functional structures of the government, its agencies and instrumentalities, be effected in order to promote efficiency and effectiveness in the delivery of public services;

CONSIDERING that the right to welfare is a basic right which is enshrined in the Constitution;

BELIEVING that welfare encompasses a range of services which addresses the needs of the extremely disadvantaged individual, family, group and community in a holistic manner;

BELIEVING that the desired scheme is for welfare and development to be a shared concerned between the State and its people;

NOW, THEREFORE, I, CORAZON C. AQUINO, President of the Philippines, by virtue of the powers vested in me by the sovereign will of the Filipino people and the Freedom Constitution, do hereby order:

SECTION 1. Title. This Executive Order shall otherwise be known as the Reorganization Act of the Ministry of Social Services and Development.

SECTION 2. REORGANIZATION. The Ministry of Social Services and Development, hereby renamed the Ministry of Social Welfare and Development and hereinafter referred to as Ministry, is hereby reorganized, structurally and functionally, in accordance with the provisions of this Executive Order.

SECTION 3. DECLARATION OF POLICY. The State is committed to the care, protection, and rehabilitation of that segment of the country's population (individual, family and community) which has the least in life and needs social welfare assistance and social work intervention to restore their normal functioning and participation in community affairs.

SECTION 4. MANDATE. The agency vested with the responsibility for the implementation of the foregoing policy is the Ministry. Its fundamental strategy shall be to provide a balanced approach to welfare whereby the needs and interests of the population are addressed not only at the outbreak of crisis but more importantly at the stage which would inexorably lead to such crisis. Following such strategy, the Ministry's objectives shall be to:

(a) Care, protect and rehabilitate the physically and mentally handicapped and the socially disabled constituents, for effective social functioning;
(b) Provide an integrated welfare package to its constituents on the basis of their needs and coordinate the service facilities required from such ministries/agencies, governmental and non-governmental, which can best provide them;

(c) Arrest the further deterioration of the socially disabling or dehumanizing conditions of the disadvantaged segment of the population at the community level;
(d) Advocate for policies and measures addressing social welfare concerns.

SECTION 5. Powers and Functions. To accomplish its mandate and objectives, the Ministry shall have the following powers and functions:

(a) Formulate, develop and implement plans, programs and projects in the field of social welfare and development;
(b) Adopt policies to ensure effective implementation of programs for public and private social welfare services;
(c) Promote, support and coordinate the establishment, expansion and maintenance of non-governmental social welfare facilities, projects and services;
(d) Establish, operate, maintain and otherwise support institutional facilities, projects and services for its constituents;
(e) Promote, build and strengthen people's organizations for a self-directing welfare system at the grassroots level;
(f) Promote, support and coordinate networks and facilities for the identification and delivery of appropriate interventions to its welfare constituents;
(g) Accredit institutions and organizations engaged in social welfare activities and provide consultative and information services to them;
(h) Undertake researches and studies on matters pertaining to its constituency;
(i) Initiate, promote and maintain bilateral and multilateral linkages for technical cooperation, in coordination with the Ministry of Foreign Affairs;
(j) Provide advisory services and develop and implement training standards and programs for personnel, social workers and students and third-country participants for career and staff development in social welfare activities;
(k) Disseminate information and publish technical bulletins on social welfare and development;
(l) Deputize law enforcement agencies to assist in the implementation of laws, rules and regulations for the protection of the rights of the exploited, abused and disadvantaged;
(m) Regulate fund drives, public solicitations and donations for charitable/welfare purposes;
(n) Set standards, accredit and monitor performance of all social welfare activities in both public and private sectors;
(o) Exercise functional and technical supervision over social workers in other government settings/agencies like courts, hospitals, schools and housing projects;
(p) Deputize local government and other agencies of government as are necessary in providing disaster relief;
(q) Coordinate all activities pertaining to the implementation of programs and services for the disabled, the aging and other socially disadvantaged.

SECTION 6. Minister of Social Welfare and Development. The authority and the responsibility for the exercise of the mandate of the Ministry and for the discharge of its powers and functions shall be vested in the Minister of Social Welfare and Development, hereinafter referred to as Minister, who shall have supervision and control over the Ministry and shall be appointed by the President.

SECTION 7. Organizational Structure. The Ministry, aside from the Ministry Proper comprising the Office of the Minister, the Offices of the Deputy Ministers and Assistant Ministers and the Services, shall consist of the Bureaus, Regional Offices, Provincial/City Offices and Municipal/District Offices.

SECTION 8. Office of the Minister. The Office of the Minister shall consist of the Minister, and the Minister's immediate staff, and the Public Affairs and Liaison Service.

SECTION 9. Deputy Ministers. The Minister shall be assisted by two (2) Deputy Ministers, at least one of whom must belong to the career executive service who shall be appointed by the President upon the recommendation of the Minister. One Deputy Minister shall supervise internal operations while the other Deputy Minister shall handle the liaison between the Minister and the attached agencies of the Ministry.

SECTION 10. Assistant Ministers. The Minister shall also be assisted by three (3) career Assistant Ministers who shall be appointed by the President upon the recommendation of the Minister, and who shall perform the following, respectively:

(a) Supervise the Personnel Development Service; Administrative Service and Financial Service;
(b) Supervise the Bureau of Child and Youth Welfare; Bureau of Women's Welfare; Bureau of Family Community Welfare: Bureau of Emergency Assistance; and Bureau of Disabled Persons' Welfare;
(c) Supervise the Planning and Monitoring Service and the Legal Service, and assist the Deputy Minister and the Minister in matters pertaining to regional/field operations.

SEC. 11. Services of the Ministry. The services listed in Section 10 (a) and (c) hereof and the Public Affairs and Liaison Service shall have the following functions, respectively:

(a) The Personnel Development Service shall provide the Ministry with services relating to manpower, career planning and development, personnel transactions, and employee welfare;
(b) The Financial Service shall provide the Ministry with services relating to budget, collection disbursement, and other financial matters;
(c) The Administrative Service shall provide the Ministry with services relating to records, correspondence, supplies, property and equipment, security and general services;
(d) The Planning and Monitoring Service shall provide technical services to the Ministry in the areas or overall policy formulation, strategic and operational planning, management systems/ procedures, and the evaluation and monitoring of Ministry programs, projects and internal operations;
(e) The Legal Service shall provide the Ministry with services on legal matters, especially on proposed legislations;
(f) The Public Affairs and Liaison Service in the Office of the Minister shall provide services along public information, publications and the coordination and mobilization of volunteers, non-governmental organizations and cause-oriented groups in partnership with the Ministry of Social Welfare, programs, projects and activities.

Each of the Services shall be headed by a Staff Director and may have divisions whenever necessary for the performance of its functions.

SEC. 12. Staff Bureaus. The staff bureaus listed in Section 10 (b) hereof shall be essentially staff in character and as such shall exercise technical supervision over the Regional Offices, shall be primarily involved in the development of policies and programs within their respective functional specializations

and shall formulate and develop related policies, guidelines and standards necessary in guiding the Regional Offices in the proper implementation of such policies and programs.

Each of the staff bureaus shall have the following functions:

(a) Formulate programs, policies, rules, regulations and standards relative to the implementation of their respective functional specialization;
(b) Initiate and administer pilot or special projects for demonstration of the corresponding policies, programs, services, strategies, methods, procedures and guidelines prior to nationwide implementation;
(c) Audit, evaluate, and provide technical assistance and consultative services to operating units and field offices and local government welfare departments on program implementation;
(d) Develop standards and assess agencies for licensing and accreditation;
(e) Review/applications for regulatory purposes including tax exemptions for foreign donations;
(f) Provide advisory services to non-governmental agencies implementing programs and services for welfare and development;
(g) Formulate substantive content and assist in the orientation and training on the bureaus' programs, services, strategies, procedures, methods and guidelines;
(h) Develop indigenous literature and other media materials for clients, volunteers and other audiences;
(i) Promote and develop a system of networking and coordination with relevant welfare councils;
(j) Undertake studies and action researches on matters pertaining to client welfare and development and propose relevant policies and amendments for legislation;
(k) Maintain linkages relative to welfare programs/projects for national, regional and interregional cooperation.

SECTION 13. Areas of Specialization. The substantive/functional areas of specialization of the staff bureaus shall be:

(a) Bureau of Emergency Assistance – relief and rehabilitation of victims of natural calamities and social disorganization and of cultural communities and other distressed and displaced persons;
(b) Bureau of Family and Community Welfare – assistance to socially disadvantaged families and communities including family planning, planning outreach programs to develop their capability in defining needs and formulating solutions as well as setting up viable community structures which bring about desired social changes;
(c) Bureau of the Disabled Persons' Welfare – disability prevention and rehabilitation of the physically, mentally and socially disabled persons;
(d) Bureau of Women's Welfare – promoting women's welfare, with specific attention to the prevention or eradication of exploitations of women in any form, such as but not limited to prostitution and illegal recruitment; as well as the promotion of skills for employment and self-actualization;
(e) Bureau of Child and Youth Welfare – care and protection of abandoned, neglected, abused or exploited children and youth, delinquents, offenders, the disturbed, street children, victims of prostitution and others, for their social adjustment and economic self-sufficiency.

SECTION 14. Regional Office. The Ministry is hereby authorized to establishd, operate and maintain a Regional Office in each of the administrative regions of the country. A Regional Office shall have the following functions:

(a) Provide within the region efficient and effective services to its constituents; and for such purposes, establish, operate, promote and support, at the minimum, the following welfare facilities:
    1. Vocational Rehabilitation and Special Education Center for the Handicapped;
    2. Reception and Study Center;
    3. Rehabilitation Center for Youth Offenders;
    4. Day Care Centers;
(b) Ensure the implementation of laws, policies, programs, rules, and regulations regarding social welfare and development within the region;
(c) Secure effective coordination with other ministries, agencies, institutions and organizations, specially local government units within the region;
(d) Conduct continuing studies and planning, to improve its services to its constituents.

SECTION 15. Welfare Facilities. The Regional Offices are hereby authorized to establish, operate, and maintain the following, insofar as necessary and authorized by the Minister:

(a) Other Vocational Rehabilitation and Special Education Centers for the Handicapped;
(b) "Street Children" Centers;
(c) Centers for Youth with Special Needs;
(d) Other Centers for Youth Offenders;
(e) Homes for the Aged;
(f) Homes for Unwed Mothers;
(g) Drug Abuse Centers;
(h) Other Reception and Study Centers;
(i) Such other facilities as may be necessary to assist the socially disadvantaged.

SECTION 16. Regional Director. The Regional Office shall be headed by a Regional Director who shall be responsible for efficiently and effectively carrying out its functions. Towards this end, and in line with the policy of decentralization, the Regional Director shall be vested with the authority to exercise functional and administrative supervision over Ministry provincial operations as delegated by the Minister including the authority to contribute resources and personnel to integrated region and provide-wide development thrusts.

The Regional Director shall be assisted by two (2) Assistant Regional Director, one for programs and one for administration.

SECTION 17. Provincial/City Office. The Ministry is hereby authorized to establish, operate and maintain a Provincial/City Office throughout the country with jurisdiction over all municipalities/districts within the province. The Provincial/City Office shall have the following functions:

(a) Formulate and coordinate the implementation of operational, field-level plans/programs of the Ministry;
(b) Provide specialized services and comprehensive assistance to other ministry/agency units whenever necessary;

(c) Secure all pertinent feedback and information from field units as well as appropriate ministry/agency units, particularly local government units, and communicate the same regularly to the Regional Office;
(d) Establish and maintain a vocational rehabilitation and special education program for the handicapped in the form and magnitude appropriate for the needs of the province.

SECTION 18. Provincial/City Social Welfare Officer. The Provincial/City Office shall be headed by a Provincial/City Social Welfare Officer who shall be accountable for the efficient and effective performance of its functions and implementation of programs of the Ministry, within the province. The Provincial/City Social Welfare Officer shall exercise functional administrative supervision over field operations of the Ministry, including the authority to recommend that field resources and personnel be contributed to integrated, municipality-wide development efforts.

SECTION 19. Municipal/District Office. The Ministry is hereby authorized to establish, operate and maintain a Municipal/District Office to service a municipality/city district which shall be headed by the Supervising Social Welfare Officer and shall be primarily responsible for the efficient and effective implementation of the Ministry's field programs in the municipality or city, under the supervision of the Provincial/City Office.

SECTION 20. Social Welfare Services by Others. Social welfare services by the Ministry shall be without prejudice to similar efforts by any local government unit or private agency, institution or group. All Ministry units shall actively promote and extend maximum assistance, including the provision of counterpart or supplementary funds and resources, upon approval by the Minister, to such efforts.

SECTION 21. Attached Agencies. The following are hereby attached to the Ministry:

(a) Population Commission which shall continue as the population planning and coordinating agency;
(b) National Council for the Welfare of Disabled Persons (formerly the National Commission Concerning Disabled Persons), which shall serve as a consultative forum and advisory board to the Ministry on all matters pertaining to the welfare of the physically, mentally and socially disabled.

The governing boards and secretariats of the foregoing attached agencies shall be reorganized accordingly within one hundred twenty (120) days from the approval of this Executive Order. Personnel, who are separated from the service, as a result of such reorganizations, shall be entitled to the benefits provided in the second paragraph of Section 23 hereof.

SECTION 22. Abolitions and Transfers. Compliance with the following is hereby prescribed:

(a) The National Commission Concerning Disabled Persons is hereby replaced by the National Council for the Welfare of Disabled Persons;
(b) The National Executive Committee for the Aging in the Philippines is hereby abolished and its functions transferred to the Ministry;
(c) The Home Economic Division of the Bureau of Agricultural Extension of the Ministry of Agriculture and Food is hereby transferred to the Bureau of Women's Welfare of the Ministry, together with its functions, appropriations, funds, records, equipment, facilities and other assets, as well as the personnel thereof, as may be necessary, who shall, in a hold-over capacity, continue to perform their respective duties and responsibilities, and receive the corresponding salaries and benefits unless in the meantime they are separated from the

service pursuant to Executive Order No. 17 (1986) or Article III of the Freedom Constitution. Incumbents of the transferred division whose positions are not included in the new position structure and staffing pattern approved and prescribed by the Minister under the following Section 23 or who are not reappointed, shall be deemed separated from the service and shall be entitled to the benefits provided in the second paragraph of the same Section 23.

In the foregoing subsections (a) and (b), the transfer of functions includes such appropriations, funds, records, equipment, facilities, other assets and personnel as may be necessary to the proper performance of the transferred functions. The remaining appropriations and funds shall revert to the General Fund and the remaining records, equipment, facilities and other assets shall be allocated to such appropriate units as the Minister shall determined or otherwise dispose of, in accordance with the Government Auditing Code and other pertinent laws, rules and regulations. The liabilities, if any, of the abolished agencies shall likewise be treated in accordance with the Government Auditing Code and other pertinent laws, rules and regulations. Incumbents shall, in a hold-over capacity, continue to perform their respective duties and responsibilities and receive the corresponding salaries and benefits unless in the meantime they are separated from the service pursuant to Executive Order No. 17 (1986) or Article III of the Freedom Constitution. Incumbents, whose positions are not included in the new position structure and staffing pattern approved and prescribed by the Minister for the Agency or Ministry to which the functions have been transferred as the case may be or who are not reappointed shall be entitled to the benefits provided in the second paragraph of the following Section 23.

SECTION 23. New Structure and Pattern. Upon approval of this Executive Order, the officers (the term "officer" as used in the Executive Order is intended to be within the meaning of the term "official" as used in the Freedom Constitution and the succeeding Constitution) and employees of the Ministry shall, in a hold-over capacity, continue to perform their respective duties and responsibilities and receive the corresponding salaries and benefits unless in the meantime they are separated from the service pursuant to Executive Order No. 17 (1986) or Article III of the Freedom Constitution.

The new position structure and staffing pattern shall be approved and prescribed by the Minister, for the Ministry, within one hundred twenty (120) days from the approval of this Executive Order and the authorized positions created thereunder shall be filled with regular appointments by the Minister or by the President as the case may be. Those incumbents whose positions are not included therein or who are not reappointed shall be deemed separated from the service. Those separated from the service shall receive the retirement benefits to which they may be entitled under existing laws, rules and regulations. Otherwise, they shall be paid the equivalent of one month basic salary for every year of service, or the equivalent nearest fraction thereof favorable to them on the basis of highest salary received, but in no case shall such payment exceed the equivalent of 12 months salary.

No court or administrative body shall issue any writ of preliminary injunction or restraining order to enjoin the separation/replacement of any officer or employee effected under this Executive Order.

SECTION 24. Periodic Performance Evaluation. The Ministry is hereby required to formulate and enforce a system of measuring and evaluating periodically and objectively the performance of the Ministry and submit the same annually to the President.

SECTION 25. Prohibition Against Change. No change in the reorganization herein prescribed shall be valid except upon prior approval of the President, for the purpose of promoting efficiency and effectiveness in the delivery of public services.

SECTION 26. Implementing Authority of Minister. The Minister shall issue such rules, regulations and other issuances as may be necessary to ensure the effective implementation of the provisions of this Executive Order.

SECTION 27. Notice or Consent Requirement. If any reorganizational change herein authorized, is of such substance or materiality as to prejudice third persons with rights recognized by law or contract such that notice to or consent of creditors is required to be made or obtained pursuant to any agreement entered into with any of such creditors, such notice or consent requirement shall be complied with prior to the implementation of such reorganizational change.

SECTION 28. Funding. Funds needed to carry out the provisions of this Executive Order shall be taken from funds available in the Ministry.

SECTION 29. Change of Nomenclature. In the event of the adoption of a new Constitution which provides for a presidential form of government, the Ministry shall be called Department of Social Welfare and Development and the titles of Minister, Deputy Minister, and Assistant Minister shall be changed to Secretary, Undersecretary and Assistant Secretary, respectively.

SECTION 30. Separability. Any portion or provision of this Executive Order that may be declared unconstitutional shall not have the effect of nullifying other portions or provisions hereof as long as such remaining portions or provisions can still subsist and be given effect in their entirety.

SECTION 31. Repealing Clause. All laws, ordinances, rules, regulations, other issuances or part thereof, which are inconsistent with the Executive Order, are hereby repealed or modified accordingly.

SECTION 32. Effectivity. This Executive Order shall take effect immediately upon its approval.

APPROVED in the City of Manila, Philippines, this 30th day of January, in the Year of Our Lord, Nineteen Hundred and Eighty-Seven.

(Sgd.) **CORAZON C. AQUINO**

By the President:
(Sgd.) **JOKER P. ARROYO**
Executive Secretary

Source: **Presidential Management Staff**

Office of the President of the Philippines. (1987). *[Executive Order Nos.: 1 - 170]*. Manila: Presidential Management Staff.

OFFICE OF THE PRESIDENT
OF THE PHILIPPINES
MALACAÑANG

EXECUTIVE ORDER NO. 124
REORGANIZING THE MINISTRY OF PUBLIC WORKS AND HIGHWAYS, REDEFINING ITS POWERS AND FUNCTIONS, AND FOR OTHER PURPOSES

RECALLING, that the reorganization of the government is expressly mandated in Article II, Section 1 (a), and Article III of the Freedom Constitution;

HAVING IN MIND that, pursuant to the Executive Order No. 5 (1986), there is a need to effect the necessary and proper changes in the organizational and functional structures of the national and local governments, agencies, and instrumentalities, including government-owned and controlled corporations and their subsidiaries, in order to promote economy, efficiency and effectiveness in the delivery of public services;

NOTING that the Ministry of Public Works and Highways has, in its operations, been impeded by organizational and functional deficiencies;

NOW, THEREFORE, I, CORAZON C. AQUINO, President of the Philippines, by virtue of the powers vested in my be the sovereign will of the Filipino People and the Freedom Constitution, do hereby order:

SEC. 1. Title. This Executive Order shall otherwise be known as the Reorganization Act of the Ministry of Public Works and Highways.

SEC. 2. Reorganization. The Ministry of Public Works and Highways, hereinafter referred to as the Ministry, is hereby reorganized, organizationally and functionally in accordance with the provisions of this Executive Order.

SEC. 3. Declaration of Policy. The State shall maintain an engineering and construction arm and continuously develop its technology, for the purposes of ensuring the safety of all infrastructure facilities and securing for all public works and highways the highest efficiency and the most appropriate quality in construction. The planning, design, construction and maintenance of infrastructure facilities, especially national highways, flood control and water resource development systems, and other public works in accordance with national development objectives, shall be the responsibility of such an engineering and construction arm. However, the exercise of this responsibility shall be decentralized to the fullest extent feasible.

SEC. 4. Mandate. The Ministry shall be the State's engineering and construction arm and is tasked to carry out the policy enunciated in the preceding Section 3.

SEC. 5. Powers and Functions. The Ministry, in order to carry out its mandate, shall have the following powers and functions;

(a) Provide technical services for the planning, design, construction, maintenance, and/or operation of infrastructure facilities;
(b) Develop and implement effective codes, standards, and reasonable guidelines to ensure the safety of all public and private structures in the country and assure efficiency and proper quality in the construction of public works;

(c) Ascertain that all public works plans and project implementation designs are consistent with current standards and guidelines;
(d) Identify, plan, secure funding for, program, design, construct or undertake prequalification, bidding, and award of contracts of public works projects with the exception only of specialized projects undertaken by Government corporate entities with established technical capability and as directed by the President of the Philippines or as provided by law;
(e) Provide the works supervision function for all public works construction and ensure that actual construction is done in accordance with approved government plans and specifications;
(f) Assist other agencies, including the local governments, in determining the most suitable entity to undertake the actual construction of public works projects;
(g) Maintain or cause to be maintained all highways, flood control, and other public works throughout the country except those that are the responsibility of other agencies as directed by the President of the Philippines or as provided by law;
(h) Provide an integrated planning for highways, flood control and water resource development systems, and other public works;
(i) Classify roads and highways into national, regional, provincial, city, municipal, and barangay roads and highways, based on objective criteria it shall adopt; provide or authorize the conversion or roads and highways from one category to another;
(j) Delegate, to any agency it determines to have the adequate technical capability, any of the foregoing powers and functions.

SEC. 6. Minister of Public Works and Highways. The authority and responsibility for the exercise of the mandate of the Ministry and for the discharge of its powers and functions shall be vested in the Minister of Public Works and Highways, hereinafter referred to as the Minister, who shall have supervision and control over the Ministry and shall be appointed by the President. For such purposes, the Minister shall:

(a) Advise the President on the promulgation of executive or administrative orders, regulations, proclamations and other issuances relative to matters under the jurisdiction of the Ministry;
(b) Establish the policies and standards for the operation of the Ministry pursuant to the President's guidelines;
(c) Promulgate rules and regulations necessary to carry out Ministry objectives, policies and functions;
(d) Exercise supervision and control over all Bureaus and Offices under the Ministry;
(e) Supervise all attached agencies and corporations in accordance with law;
(f) As deemed appropriate by the Minister, delegate authority for the performance of any power or function, as defined herein or as delegated by the President of the Philippines, to officers and employees under his direction;
(g) Perform such other authorities and responsibilities as may be provided by law.

SEC. 7. Office of the Minister. The Office of the Minister shall be composed of the Minister and his immediate staff.

SEC. 8. Deputy Ministers. The Minister shall be assisted by not more than five (5) Deputy Ministers who shall be appointed by the President upon the recommendation of the Minister. The Minister is hereby authorized to delineate and assign the respective functional areas of responsibility

of the Deputy Ministers; provided, that such responsibility shall be with respect to the mandate and objectives of the Ministry; and provided, further, that no Deputy Minister shall be assigned primarily administrative responsibilities. Within his functional area of responsibility, a Deputy Minister shall have the following functions:

(a) Advise and assist the Minister in the formulation and implementation of Ministry policies, plans, programs and projects;
(b) Supervise all the operational activities of the units assigned to him, for which he is responsible to the Minister;
(c) Perform such other duties and responsibilities as may be assigned or delegated by the Minister to promote efficiency and effectiveness in the delivery of public services or as may be required by law.

SEC. 9. Assistant Ministers. The Minister shall also be assisted by six (6) Assistant Ministers appointed by the President of the Philippines upon the recommendation of the Minister: one to be responsible for the Internal Audit Services; one for the Monitoring and Information Service; one for the Planning Service; one for the Comptrollership and Financial Management Service; one for the Legal Service; and one for the Administrative and Manpower Management Service.

SEC. 10. Organizational Structure. The Ministry shall be composed of the following organizational units:

(a) Ministry Proper consisting of the Office of the Minister, the Offices of the Deputy and Assistant Ministers, the Internal Audit Service, Monitoring and Information Service, Planning Service, Comptrollership and Financial Management Service, Legal Service, and the Administrative and Manpower Management service;
(b) Bureau of Research and Standards, Bureau of Design, Bureau of Construction, Bureau of Maintenance, and Bureau of Equipment;
(c) Field Offices, consisting of fourteen (14) Regional Offices composed of Region I (Ilocos), Region II (Cagayan Valley), Region III (Central Luzon), National Capital Region, Region IV-A (Southern Tagalog Mainland Provinces), Region IV-B (Southern Tagalog Island Provinces), Region V (Bicol), Region VI (Western Visayas), Region VII (Central Visayas), Region VIII (Eastern Visayas), Region IX (Western Mindanao), Region X (Northeastern Mindanao), Region XI (Southern Mindanao, and Region XII (Central Mindanao) and their respective District Offices.

SEC. 11. Internal Audit Service. The Internal Audit Service is hereby created for the purpose of conducting comprehensive audit of various Ministry activities. Specifically, it shall have the following functions:

(a) Advise the Minister on all matters relating to management control and operations audit.
(b) Conduct management and operations performance audit of Ministry activities and units and determine as to the degree of compliance with established objectives, policies, methods and procedures, government regulations, and contractual obligations of the Ministry.
(c) Review and appraise systems and procedures, organizational structure, assets management practices, accounting and other records, reports and performance standards (such as budgets and standard costs) of the Ministry Proper, Bureaus, and Regional Offices.

(d) Analyze and evaluate management deficiencies and assist top management to solve the problems by recommending realistic courses of action.
(e) Perform such other related duties and responsibilities as may be assigned or delegated by the Minister or as may be required by law.

SEC. 12. Monitoring and Information Service. The Monitoring and Information Service is hereby created to provide the Minister timely reports on the status of various Ministry projects and activities; and develop and implement information program for mass dissemination in coordination with the appropriate government agencies. The Monitoring and Information Service shall have the following functions:

(a) Advise the Minister on all matters relating to monitoring and public information;
(b) Develop and maintain a system for retrieving and processing monitoring information on all projects and activities of concern to the Minister;
(c) Provide accurate and timely status and exception reports to the Minister;
(d) Generate monitoring reports for the President, the Cabinet, or for any other purpose as required by the Minister;
(e) Develop and supervise the implementation of communications programs to have relevant policies, programs and plans of the Ministry understood by the public;
(f) Produce and supervise the dissemination of media materials in line with the national government public information programs;
(g) Coordinate with the appropriate national government agencies tasked with public information affairs;
(h) Perform such other related duties and responsibilities as may be assigned or delegated by the Minister or as may be required by law.

The existing Infrastructure Computer Center shall be under the supervision of the Assistant Minister for Monitoring and Information. It shall establish and maintain a computerized data bank as a repository of statistics and information on infrastructure operations. It shall also provide computer services to the different offices of the Ministry.

SEC. 13. Planning Service. The Planning Service is hereby reorganized to provide the Ministry with the capability to undertake infrastructure development planning and programming. For this purpose, it shall have the following functions.

(a) Advise the Minister on all matters relating to infrastructure planning;
(b) Formulate strategies and priorities for infrastructure development consistent with national development objectives; and initiates or undertake, coordinate and review area and sector surveys for development planning;
(c) Formulate long-range, medium-term and annual development plans and programs for infrastructure, especially highways, flood control and water resource development systems, and other public works projects, including phasing of implementation;
(d) Identify priority packages for infrastructure development, especially highways, flood control and water resource development systems, and other public works projects, and undertake or supervise and evaluate the conduct of feasibility studies and project preparation thereof;
(e) Prioritize project implementation and the allocation of funds and other resources and package project proposals for funding and implementation;

(f) Evaluate and appraise all regional interregional infrastructure development plans and programs as to their feasibility and consistency with approved strategies and long and medium-term plans;
(g) Initiate regular Ministry-wide planning exercises and act as the secretariat thereof;
(h) Gather, analyze and organize needed statistical data and information;
(i) Provide technical assistance related to its functions to the other Services, Bureaus and the Regional Offices as needed; and
(j) Perform such other related duties and responsibilities as may be assigned or delegated by the Minister or as may be required by law.

SEC. 14. Comptrollership and Financial Management Service. The Comptrollership and Financial Management Service is hereby created to provide the Ministry with coordinated services relating to financial systems and procedures, budget, cash, accounting, and all financial housekeeping matters. For such purposes, it shall have the following functions:

(a) Advise the Minister on all matters relating to the accounting of government expenditures and receipts, budgeting and cash management, project finances, and financial systems and procedures;
(b) Prepare budget proposals and pursue formal budget authorizations; undertake budget execution; and prepare and submit all appropriate reports to the proper offices;
(c) Develop and maintain accounting, financial and assets management systems, procedures, and practices in the Ministry proper, Bureaus, and Regional Offices;
(d) Provide assistance in its area of specialization to any unit of the Ministry and, when requested, to government corporations and councils attached to the Ministry;
(e) Perform such other related duties and responsibilities as may be assigned or delegated by the Minister or as may be required by law.

SEC. 15. Legal Service. The Legal Service is hereby reorganized to provide the Ministry with services on such legal affairs as contract letting and litigation, legal and legislative research, complaints and investigation, legal counselling and other matters of law. For such purposes, it shall have the following functions;

(a) Advise the Minister on all matters relating to legal affairs;
(b) Prepare Ministry contracts and legal instruments, review and interpret all contracts and agreements entered into by the Ministry; evaluate all legal proposals;
(c) Conduct administrative investigation as well as the review of administrative charges against officers and employees of the Ministry;
(d) Exercise functional jurisdiction over the legal staffs of Regional Offices;
(e) Provide legal assistance to the Ministry Proper, the Bureaus and Regional Offices and, when requested, the attached corporations;
(f) Perform such other related duties and responsibilities as may be assigned or delegated by the Minister or as may be required by law.

SEC. 16. Administrative and Manpower Management Service. The Administrative Service and the Manpower Development Service are hereby merged and reorganized into an Administrative and Manpower Management Service to provide the Ministry with services relating to human resources

development, personnel, records, facilities maintenance, medical and dental, security, and property and procurement services. For such purposes, it shall have the following functions:

(a) Advise the Minister, on all matters relating to internal administration and human resources management;
(b) Prepare and implement an integrated personnel plan that shall include provisions on merit promotions, performance evaluation, job rotation, suggestions and incentive awards systems, and health and welfare services;
(c) Provide services related to human resources training, education, and development, including manpower and career planning and forecasting, and development of indigenous training materials;
(d) Develop, establish and maintain an efficient and cost-effective property procurement system and facilities and coordinate or otherwise interface with relevant agencies, whether government or private, for the purpose of developing or upgrading the system;
(e) Secure and maintain necessary Ministry facilities, and, develop, establish, and maintain an efficient and effective security system covering, among others, personnel, physical installations, equipment, documents, and materials, including the conduct of security investigations;
(f) Coordinate with the appropriate government agencies for a more efficient conduct of administrative processes;
(g) Develop, establish, and maintain an efficient records system;
(h) Provide assistance in its area of specialization to the Ministry proper, Bureaus, and Regional Offices and, when requested, the government agencies and corporations attached to the Ministry;
(i) Perform such other related duties and responsibilities as may be assigned or delegated by the Minister or as may be required by law.

SEC. 17. Bureau Head. Each Bureau shall be headed by a Bureau Director who shall be responsible for efficiently and effectively carrying out the functions of the Bureau.

SEC. 18. Bureau of Research and Standards. The Bureau of Research and Standards is hereby created to develop and set effective standards and reasonable guidelines to ensure the safety of all infrastructure facilities in the country and to assure efficiency and proper quality in the construction of government public works. In pursuit of this task, the Bureau shall engage in research and development on all major areas pertinent to infrastructure development. For such purposes, it shall have the following functions:

(a) Study, on a continuing basis, and formulate and recommend guidelines, standards, criteria and systems for the survey and design, construction, rehabilitation, maintenance, and improvement of all public works and highways;
(b) Conduct or sponsor research on construction materials and formulate and recommend policies, standards, and guidelines on materials and quality control;
(c) Undertake or cause to be undertaken specialized technical studies to advance the inhouse technology of the Ministry and secure the most complete information for project development and implementation purposes;

(d) Formulate technical training programs for Ministry technical personnel, including the identification of appropriate local and foreign training programs, and recommend the selection of Ministry personnel for such programs;
(e) Review and study, for the purpose of recognizing new technologies especially those utilizing indigenous resources, current national building and construction standards and procedures, and make appropriate recommendations thereon;
(f) Promote, publish, and disseminate technical publications;
(g) Provide technical assistance to the Ministry Proper, other Bureaus, Regional Offices and other agencies on matters within its competence, including technical assistance in the upgrading or updating of the building code, and other services;
(h) Cooperate or coordinate with other established research, development, and engineering centers in areas of common or national interest;
(i) Perform such other related duties and responsibilities as may be assigned or delegated by the Minister or as may be required by law.

SEC. 19. Bureau of Design. The Bureau of Design is hereby reorganized to ascertain that all government infrastructure project implementation plans and designs are consistent with current standards and guidelines. For this purpose, it shall have the following duties and responsibilities:

(a) Conduct or initiate, supervise and/or review the results of field surveys for highways, flood control and water resource development systems, and other public works projects, including aerial, hydrologic, hydrographic, topographic, geotechnical and other investigations;
(b) conduct or initiate, supervise and/or review the preparation of schemes, designs, specifications, estimates, tender contract documents covering the architectural, structural, mechanical and electrical and other technical design aspects of highways, flood control, and other projects of the Ministry or of other ministries upon request or agreement;
(c) Review and evaluate the designs, specifications, estimates, tender and contract documents covering the architectural, structural, mechanical, electrical, and other technical design aspects of public works projects of all agencies in accordance with current standards and guidelines;
(d) Provide technical assistance in the selection of firms or entities that shall undertake actual construction of public works projects via participation in the technical evaluation aspect of the bidding/award process;
(e) Perform such other related duties and responsibilities as may be assigned or delegated by the Minister or as may be required by law.

SEC. 20. Bureau of Construction. The Bureau of Construction is hereby reorganized to provide technical services on construction works for infrastructure projects and facilities. For this purpose, it shall have the following duties and responsibilities:

(a) Formulate policies relating to construction management and contract administration;
(b) Review and evaluate construction programs, estimates, and tender and contract documents;
(c) Inspect, check, and monitor construction and works supervision activities of field implementing offices for the purpose of ensuring that such activities are being conducted in accordance with the current standards and guidelines of the Ministry;

(d) Provide specialist support to implementing field offices on construction management and contract administration;
(e) Perform, such other related duties and responsibilities as may be assigned or delegated by the Minister or as may be required by law.

SEC. 21. Bureau of Maintenance. The Bureau of Maintenance is hereby reorganized to provide technical services on the maintenance and repair of infrastructure projects and facilities. For this purpose, it shall have the following duties and responsibilities.

(a) Formulate policies relating to maintenance of infrastructure projects and facilities;
(b) Review and evaluate maintenance programs, estimates, and tender and contract documents;
(c) Inspect, check, and monitor maintenance activities of implementing field offices for the purpose of ensuring that such activities are being conducted in accordance with the current standards and policies of the Ministry;
(d) Provide specialist support to implementing field offices on the maintenance of infrastructure projects and facilities;
(e) Perform such other related duties and responsibilities as may be assigned or delegated by the Minister or as may be required by law.

SEC. 22. Bureau of Equipment. The Bureau of Equipment is hereby reorganized to provide technical services on the management of construction and maintenance equipment and ancillary facilities. For this purpose, it shall have the following duties and responsibilities:

(a) Formulate policies relating to the management of infrastructure equipment and ancillary facilities:
(b) Review and evaluate programs, estimates, and tender and contract documents for equipment;
(c) Inspect, check, and monitor the management of equipment by regional equipment services and area shops for the purpose of ensuring that such activities are being conducted in accordance with the current standards and policies of the Ministry;
(d) Provide specialist support to implementing field offices on equipment management;
(e) Perform such other related duties and responsibilities as may be assigned or delegated by the Minister or as may be required by law.

SEC. 23. Regional Office. All Regional Offices are hereby retained. They shall be responsible for highways, flood control and water resource development systems, and other public works within the region, except those defined in Section 5 (d) hereof. For this purpose, their duties and responsibilities shall now be as follows:

(a) Undertake and evaluate the planning, design, construction and works supervision functions of the Ministry for the abovementioned infrastructure within the region;
(b) Undertake the maintenance of the abovementioned infrastructure within the region and supervise the maintenance of such local roads and other infrastructure receiving national government financial assistance as the Minister may determine;
(c) Ensure the implementation of laws, policies, programs, rules and regulations regarding the abovementioned infrastructure as well as all public and private physical structures;

(d) Provide technical assistance related to their functions to other agencies within the region especially the local government;
(e) Coordinate with other ministries, agencies, institutions, and organizations, especially local government units within the region in the planning and implementation of infrastructure projects;
(f) Conduct continuing consultations with the local communities, take appropriate measures to make the services of the Ministry responsive to the needs of the general public, compile and submit such information to the central office, and recommend such appropriate actions as may be necessary.
(g) Perform such other related duties and responsibilities as may be assigned or delegated by the Minister or as may be required by law.

The Ministry shall retain and have such Project Management Offices as may be required which shall be under the supervision and control of the appropriate Regional Director, unless otherwise determined by the Minister for reasons of supra-regional scope, magnitude, and multi-functional coverage.

SEC. 24. Regional Director. The Regional Office shall be headed by a Regional Director who shall be responsible for efficiently and effectively carrying out the duties and responsibilities of the Regional Office. Towards this end, and in line with the policy of decentralization, he shall, within his defined powers, exercise functional and administrative supervision over District Offices within the region including the authority to commit their resources and personnel to integrated province- or city-wide development thrusts.

He shall also perform such other related duties and responsibilities as may be assigned or delegated by the Minister or as may be required by law.

The Regional Director shall be assisted by two (2) Assistant Regional Directors who shall exercise supervision, respectively over (1) the construction, maintenance and works supervision functions in the region; and (2) the planning, project design, evaluation and technical assistance functions of the Regional Office.

SEC. 25. District Office. There shall be a District Office in each of the provinces and cities throughout the country to be headed by a District Engineer appointed by the Minister. A province or city may, however, be divided into two (2) or more engineering districts, upon determination and issuance of an administrative order by the Minister. The District Office shall be responsible for all highways, flood control and water resource development systems, and other public works within the district, except those defined under Section 5 (d) hereof. For this purpose, it shall have the following duties and responsibilities:

(a) Undertake and evaluate the planning, design, construction, and works supervision functions of the Ministry for the abovementioned infrastructure in the district;
(b) Undertake the maintenance of the abovementioned infrastructure within the district and supervise the maintenance of such local roads and other infrastructure receiving national government financial assistance as the Minister may determine;
(c) Coordinate with other ministries, agencies, institutions, and organizations, especially local government units within the district in the planning and implementation of infrastructure projects;
(d) Provide technical assistance to other agencies at the local level on public works planning, design, construction, maintenance, and other engineering matters including securing

assistance from the Regional Office or, through the same office, assistance from the Ministry proper or Bureaus;

(e) Conduct continuing consultations with the local communities, take appropriate measures to make the services of the Ministry responsive to the needs of the general public, compile and submit such information to the Regional Office, and recommend such appropriate actions as may be necessary;

(f) Perform such other related duties and responsibilities as may be assigned or delegated by the Minister or as may be required by law.

SEC. 26. District Engineer. The District Engineer of or within a province or city shall be accountable for the efficient and effective conduct of the duties and responsibilities of the District Office of which he is the head. Within his defined powers, he shall exercise functional and administrative supervision over district operations including the authority to recommend that field resources and personnel be committed to integrated district-wide development thrusts. He shall also perform such other related duties and responsibilities as may be assigned or delegated by the Minister or as may be required by law.

SEC. 27. Equipment Services. The Regional Equipment Services, including regional depots and area shops are hereby reorganized to undertake the management, repair, maintenance, and rehabilitation of construction and maintenance equipment. Each depot or shop shall be operated, to the extent practicable, as a profit center. The Regional Equipment Services shall be under the administrative supervision of the Regional Director and technical supervision of the Bureau of Equipment.

SEC. 28. Abolished/Transferred Agencies. Compliance with the following is hereby prescribed:

(a) The Pasig River Development Council is hereby abolished and its flood control functions are transferred to the pertinent Bureaus, Services, and Regional Office of the Ministry.

(b) The Rural Waterworks Development Corporation is hereby abolished and its functions and assets transferred to the Local Water Utilities Administration in accordance with Sections 29 to 31 hereof.

(c) The National Water Resources Council (NWRC) is hereby abolished. All technical functions of the NWRC are hereby transferred to the Bureau of Research and Standards and other offices as deemed appropriate by the Minister.

SEC. 29. Attached Agencies and Corporation. Compliance with the following is hereby prescribed:

(a) The National Water Resources Board shall be created under a separate Executive Order to be submitted to the President for approval within one hundred twenty (120) days after the approval of this Executive Order and shall thereby be attached to the Ministry.

(b) The Metropolitan Waterworks and Sewerage System, the Local Water Utilities Administration and the National Irrigation Administration shall continue to be attached to the Ministry.

(c) The Metropolitan Manila Flood Control and Drainage Council shall be reorganized, under a separate Executive Order to be submitted to the President of the Philippines within one hundred twenty (120) days after the approval of this Executive Order with such Council attached to the Ministry, in order to improve the coordination among the Ministry, local government units, and other concerned agencies in Metropolitan Manila. The Ministry shall be responsible for the planning, design, construction, maintenance, and operation of flood control and drainage facilities in Metropolitan Manila.

(d) A Traffic Engineering Center attached to the Ministry may be created upon recommendation of the Minister under a separate Executive Order to be submitted to the President after the approval of this Executive Order, in which event the Project Management Office for Traffic Engineering and Management shall be abolished and its functions and such appropriations, funds, records, equipment, facilities, other assets, and personnel as may be necessary transferred to the Center.

SEC. 30. Transitory Provisions. In accomplishing the acts of reorganization herein prescribed, the following transitory provisions shall be complied with, unless otherwise provided elsewhere in this Executive Order;

(a) The transfer of a government unit shall include the functions, appropriations, funds, records, equipment, facilities, choses in action, rights, other assets, and liabilities, if any, of the transferred unit as well as the personnel thereof, as may be necessary, who shall, in hold over capacity, continue to perform their respective duties and responsibilities and receive the corresponding salaries and benefits unless in the meantime they are separated from government service pursuant to Executive Order No. 17 (1986) or Article III of the Freedom Constitution. Those personnel of the transferred unit whose positions are not included in the new positions structure and staffing pattern approved by the Minister or who are not reappointed shall be deemed separated from the service and shall be entitled to the benefits provided in the second paragraph of Section 31 hereof.

(b) The transfer of functions which results in the abolition of the government unit that has exercised them shall include appropriations, funds, records, equipment, facilities, choses in action, rights, other assets and personnel as may be necessary to the proper discharge of the transferred functions. The abolished unit's remaining appropriations and funds, if any, shall revert to the General Fund and its remaining assets, if any, shall be allocated to such appropriate units as the Minister shall determine or shall otherwise disposed in accordance with the Government Auditing Code and other pertinent laws, rules and regulations. Its liabilities, if any, shall likewise be treated in accordance with the Government Auditing Code and other pertinent laws, rules and regulations. Its personnel shall, in a hold over capacity, continue to perform their duties and responsibilities and receive the corresponding salaries and benefits unless in the meantime they are separated from the service pursuant to Executive Order No. 17 (1986) or Article III of the Freedom Constitution. Its personnel, whose positions are not included in the Ministry's new position structure and staffing pattern approved and prescribed by the Minister under Section 31 hereof or who are not reappointed, shall be deemed separated from the service and shall be entitled to the benefits provided in the second paragraph of the same Section 31.

(c) The transfer of functions which does not result in the abolition of the government unit that has exercised them shall include the appropriations, funds, records, equipment, facilities, choses in action, rights, other assets and personnel as may be necessary to the proper discharge of the transferred functions. The liabilities, if any, that may have been incurred in connection with the discharge of the transferred functions, shall be treated in accordance with the Government Auditing Code and other pertinent laws, rules and regulations. Such personnel shall, in a hold over capacity, continue to perform their respective duties and responsibilities and receive the corresponding salaries and benefits unless in the meantime they are separated from the service pursuant to Executive Order No. 17 (1986) or Article III

of the Freedom Constitution. Any personnel, whose position is not included in the Ministry's new position structure and staffing pattern approved and prescribed by the Minister under Section 31 hereof or who has not been reappointed, shall be deemed separated from the service and shall be entitled to the benefits provided in the second paragraph of the same Section 31.

(d) In case of the abolition of a government unit which does not result in the transfer of its functions to another unit, the appropriations and funds of the abolished unit shall revert to the General Fund, while the records, equipment, facilities, choses in action, rights, and other assets, thereof shall be allocated to such appropriate units as the Minister shall determine. The liabilities of the abolished units shall be treated in accordance of the Government Auditing Code and other pertinent laws, rules and regulations, while the personnel thereof, whose position is not included in the Ministry's new position structure and staffing pattern approved and prescribed by the Minister under Section 31 hereof or who has not been reappointed, shall be deemed separated from the service and shall be entitled to the benefits provided in the second paragraph of the same Section 31.

(e) In case of merger or consolidation of government units, the new or surviving unit shall exercise the functions (subject to the reorganization herein prescribed and the laws, rules and regulations pertinent to the exercise of such functions) and shall acquire the appropriations, funds, records, equipment, facilities, choses in action, rights, other assets, liabilities if any, and personnel, as may be necessary, of (1) the units that compose the merged unit or (2) the absorbed unit, as the case may be. Such personnel shall, in a hold over capacity, continue to perform their respective duties and responsibilities and receive the corresponding salaries and benefits unless in the meantime they are separated from the service pursuant to Executive Order No. 17 (1986) or Article III of the Freedom Constitution. Any such personnel, whose position is not included in the Ministry's new position structure and staffing pattern approved and prescribed by the Minister under Section 31 hereof or who is not reappointed, shall be deemed separated from the service and shall be entitled to the benefits provided in the second paragraph of the same Section 31.

(f) In case of termination of a function which does not result in the abolition of the government unit which has performed such function, the appropriations and funds intended to finance the discharge of such function shall revert to the General Fund, while the records, equipment, facilities, choses in action, rights and other assets used in connection with the discharge of such functions shall be allocated to the appropriate units as the Minister shall determine or shall otherwise be disposed in accordance with the Government Auditing Code and other pertinent laws, rules and regulations. The liabilities, if any, that may have been incurred in connection with the discharge of such function shall likewise be treated in accordance with the Government Auditing Code and other pertinent laws, rules and regulations. The personnel who have performed such function, whose positions are not included in the new position structure and staffing pattern approved and prescribed by the Minister under Section 31 hereof or who have not been reappointed, shall be deemed separated from the service and shall be entitled to the benefits in the second paragraph of the same Section 31.

SEC. 31. New Structure and Pattern. Upon approval of this Executive Order, the officers and employees of the Ministry shall, in a hold over capacity, continue to perform their respective duties and responsibilities and receive the corresponding salaries and benefits unless in the meantime they are

separated from the service pursuant to Executive Order No. 17 (1986) or Article III of the Freedom Constitution.

The new position structure and staffing pattern of the Ministry shall be approved and prescribed by the Minister within one hundred twenty (120) days from the approval of this Executive Order and the authorized positions created thereunder shall be filled with regular appointments by him or by the President of the Philippines as the case may be. Those incumbents whose positions are not included therein or who are not reappointed shall be deemed separated from the service. Those separated from the service, whether permanent, temporary, contractual or casual employees, shall receive the retirement benefits to which they may be entitled under existing laws, rules and regulations. Otherwise, they shall be paid the equivalent of one-month basic salary for every year of service, or the equivalent nearest fraction thereof, favorable to them on the basis of highest salary received, but in no case shall such payment exceed the equivalent of 12 months salary.

No court or administrative body shall issue any writ or preliminary/injunction or restraining order to enjoin the separation/replacement of any office or employee effected under this Executive Order.

SEC. 32. Periodic Performance Evaluation. The Ministry is hereby required to formulate and enforce a system of measuring and evaluating periodically and objectively the performance of the Ministry and submit the same annually to the President.

SEC. 33. Notice or Consent Requirement. If any reorganizational change herein authorized is of such substance or materiality as to prejudice third persons with rights recognized by law or contract such that notice to or consent of creditors is required to be made or obtained pursuant to any agreement entered into with any of such creditors, such notice or consent requirements shall be complied with prior to the implementation of such organizational change.

SEC. 34. Change of Nomenclature. In the event of the adoption of a new Constitution which provides for a presidential form of government, the Ministry shall be called Department of Public Works and Highways and the titles of Minister, Deputy Minister, and Assistant Minister shall be changed to Secretary, Undersecretary, and Assistant Secretary, respectively.

SEC. 35. Prohibition Against Change. No change in the organizational structure herein prescribed shall be valid except upon prior approval of the President for the purpose of promoting efficiency and effectiveness in the delivery of public services.

SEC. 36. Funding. Funds needed to carry out the provisions of this Executive Order shall be taken from funds available in the Ministry.

SEC. 37. Implementing Authority of the Minister. The Minister shall issue such rules, regulations and other issuances as may be necessary to ensure the effective implementation of the provisions of this Executive Order.

SEC. 38. Separability. Any portion or provision of this Executive Order that may be declared unconstitutional shall not have the effect of nullifying other portions or provisions thereof as long as such remaining portions or provisions can still subsist and be given effect in their entirety.

SEC. 39. Repealing Clause. All laws, ordinances, rules, regulations, and other issuances or parts thereof, which are inconsistent with this Executive Order, are hereby repealed or modified accordingly.

SEC. 40. Effectivity. This Executive Order shall take effect immediately upon its approval.

APPROVED in the City of Manila, Philippines, this 30th day of January, in the Year of Our Lord, Nineteen Hundred and Eighty-seven.

(Sgd.) **CORAZON C. AQUINO**

By the President:
(Sgd.) **JOKER P. ARROYO**
Executive Secretary

Source: **Presidential Management Staff**

Office of the President of the Philippines. (1987). *[Executive Order Nos.: 1 - 170]*. Manila: Presidential Management Staff.

MALACAÑANG
MANILA

EXECUTIVE ORDER NO. 124-A
AMENDING EXECUTIVE ORDER NO. 124, DATED 30 JANUARY 1987, REORGANIZING THE DEPARTMENT OF PUBLIC WORKS AND HIGHWAYS, REDEFINING ITS POWERS AND FUNCTIONS, AND FOR OTHER PURPOSES.

I, Corazon C. Aquino, President of the Philippines, do hereby order:

Section 1. Section 28 of Executive Order No. 124, dated 30 January 1987, reorganizing the Department of Public Works and Highways, is hereby amended as follows:

"Section 28. *Abolitions/Transfers*.—Compliance into the following is hereby prescribed:

(a) The Pasig River Development Council is hereby abolished and its flood control functions are transferred to the pertinent Bureau, Services, and Regional Office of the Department.
(b) The Rural Waterworks Development Corporation is hereby abolished and its functions and assets transferred to the Local Water Utilities Administration in accordance with Section 29 to 31 hereof.
(c) The National Water Resources Council is hereby renamed and reorganized as the National Water Resources Board and shall continue to be attached to the Department: *Provided*; That all of its technical functions are hereby transferred to the Bureau of Research and Standards and other offices as deemed appropriate by the Secretary."

Sec. 2. Section 29 is hereby amended by deleting sub-section (a) and relettering subsections (b), (c), and (d) as (a), (b), and (c), respectively.

Sec. 3. This Executive Order shall take effect immediately.

Done in the City of Manila, this 22nd day of July, in the year of Our Lord, nineteen hundred and eighty-seven.

(Sgd.) **CORAZON C. AQUINO**
President of the Philippines

By the President:
(Sgd.) **JOKER P. ARROYO**
Executive Secretary

Source: **Presidential Museum and Library**

Office of the President of the Philippines. (1987). *Official Gazette of the Republic of the Philippines, 83(30)*, 3422-0-4

MALACAÑANG
MANILA

EXECUTIVE ORDER NO. 124-B
REORGANIZING THE METROPOLITAN MANILA FLOOD CONTROL AND DRAINAGE COUNCIL, ATTACHING IT TO THE DEPARTMENT OF PUBLIC WORKS AND HIGHWAYS, PROVIDING FOR A METROPOLITAN MANILA FLOOD CONTROL AND DRAINAGE FUND ACCOUNT IN THE NATIONAL TREASURY AND FOR OTHER PURPOSES.

WHEREAS, there is an urgent need to mitigate the recurring floods in Metropolitan Manila which have caused significant economic losses and public inconvenience;

WHEREAS, it is deemed exigent to establish an effective coordination mechanism among national and local government agencies to achieve the efficient provision of flood control and drainage services for the people of Metropolitan Manila;

WHEREAS, Section 29 of Executive Order No. 124 dated 30 January 1987 prescribes the reorganization of the Metropolitan Manila Flood Control and Drainage Council;

NOW, THEREFORE, I, CORAZON C. AQUINO, President of the Philippines, do hereby order:

SECTION 1. *Reorganization of the Metropolitan Manila Flood Control and Drainage Council.* Pursuant to Section 29(c) of the aforementioned Executive Order No. 124, the Metropolitan Manila Flood Control and Drainage Council, hereinafter referred to as the Council, is hereby reorganized in accordance with the provisions of this Executive Order and shall be attached to the Department of Public Works and Highways.

SEC. 2. *Composition of the Council.* The Council shall be composed of the Secretary of Public Works and Highways as Chairman; the Governor of the Metropolitan Manila Commission as Vice-Chairman; and the Mayors of the cities and municipalities comprising Metropolitan Manila as Members.

SEC. 3. *Powers and Functions of the Council*. The Council shall have the following powers and functions:

a. Coordinate the development of policies, plans and programs for flood control and drainage in Metropolitan Manila, including the identification of project priorities
b. Oversee the coordinated implementation by the concerned agencies of such policies, plans, and programs
c. Conduct consultations with local communities and adopt appropriate measures to make flood control and drainage services responsive to the needs of the general public
d. Ensure the steady, adequate, and timely availability of funds to undertake flood control and drainage projects in accordance with adopted plans and programs

SEC. 4. *Metropolitan Manila Flood Control and Drainage Fund Account.*—A Metropolitan Manila Flood Control and Drainage Fund Account is hereby created and established in the National Treasury to finance flood control operations and project implementation. The said Fund Account shall be sourced from the following:

a. All proceeds from the special metropolitan flood tax levied on all admission tickets of movie houses in Metropolitan Manila
b. All proceeds from additional real estate taxes not exceeding one eight (1/8) of one percent (1%) of the assessed value of real estate located within Metropolitan Manila

Sec. 5. *Implementing Agency*.—The National Capital Region of the Department of Public Works and Highways shall be the lead implementing agency responsible for the planning, design, construction, maintenance, and operation of flood control and drainage projects in Metropolitan Manila based on the policies, plans, and programs adopted by the Council. It shall coordinate the flood control activities of the different local government units in Metropolitan Manila.

Sec. 6. *Repealing Clause*.—All laws, orders, issuances, rules and regulations, or parts thereof, inconsistent with this Executive Order are hereby repealed or modified accordingly.

Sec. 7. *Effectivity*.—This Executive Order shall take effect immediately.

Done in the City of Manila, this 22nd day of July, in the year of Our Lord, nineteen hundred and eighty-seven.

(Sgd.) **CORAZON C. AQUINO**
President of the Philippines

By the President:
(Sgd.) **JOKER P. ARROYO**
Executive Secretary

Source: **Presidential Museum and Library**

Office of the President of the Philippines. (1987). *Official Gazette of the Republic of the Philippines, volume(issue),* 3422-0-4 – 3422-0-5

MALACAÑANG
MANILA

EXECUTIVE ORDER NO. 125
REORGANIZING THE MINISTRY OF TRANSPORTATION AND COMMUNICATIONS DEFINING ITS POWERS AND FUNCTIONS AND FOR OTHER PURPOSES

RECALLING that the reorganization of the government is mandated expressly in Article II, Section 1 (a), and Article III of the Freedom Constitution;

HAVING IN MIND that pursuant to Executive Order No. 5 (1986), it is directed that necessary and proper changes in the organizational and functional structures of the government, its agencies and instrumentalities, be effected in order to promote efficiency and effectiveness in the delivery of public services;

CONSIDERING that viable and dependable transportation and communications networks are necessary tools for economic recovery;

CONSIDERING further that rapid technological advances in communication facilities require a distinct response to the peculiar problems of this field;

REALIZING that the growing complexity of the transportation sector has necessitated its division into various sub-sectors to facilitate the regulation and promotion of the sector as a whole; and

REALIZING further that the State needs to regulate these networks and promote their continuous upgrading in order to preserve their viability and enhance their dependability;

NOW, THEREFORE, I, CORAZON C. AQUINO, President of the Philippines, by virtue of the powers vested in me by the sovereign will of the Filipino people and the Freedom Constitution, do hereby order:

SECTION 1. Title. This Executive Order shall otherwise be known as the Reorganization Act of the Ministry of Transportation and Communications.

SECTION 2. Reorganization. The Ministry of Transportation and Communications is hereby reorganized, structurally and functionally, in accordance with the provisions of this Executive Order.

SECTION 3. Declaration of Policy. The State is committed to the maintenance and expansion of viable, efficient and dependable transportation and communications systems as effective instruments for national recovery and economic progress. It shall not compete as a matter of policy with private enterprise and shall operate transportation and communications facilities only in those areas where private initiatives are inadequate or non-existent.

SECTION 4. Mandate. The Ministry shall be the primary policy, planning, programming, coordinating, implementing, regulating and administrative entity of the Executive Branch of the government in the promotion, development and regulation of dependable and coordinated networks of transportation and communications systems, as well as in the fast, safe, efficient and reliable postal, transportation and communications services.

To accomplish such mandate, the Ministry shall have the following objectives:

(a) Promote the development of dependable and coordinated networks of transportation and communications systems;

(b) Guide government and private investments in the development of the country's inter-modal transportation and communications systems in a most practical, expeditious, and orderly fashion for maximum safety, service, and cost effectiveness;
(c) Impose appropriate measures so that technical, economic and other conditions for the continuing economic viability of the transportation and communications entities are not jeopardized and do not encourage inefficiency and distortion of traffic patronage;
(d) Develop an integrated plan for a nationwide transmission system in accordance with national and international telecommunications service requirements including, among others, radio and television broadcast relaying, leased channel services and data transmission;
(e) Guide government and private investments in the establishment, operation and maintenance of an international switching system for incoming and outgoing telecommunications services;
(f) Encourage the development of a domestic telecommunications industry in coordination with the concerned entities particularly, the manufacture of communications/electronics equipment and components to complement and support, as much as possible, the expansion, development, operation and maintenance of the nationwide telecommunications network;
(g) Provide for a safe, reliable and efficient postal system for the country.

SECTION 5. Powers and Functions. To accomplish its mandate, the Ministry shall have the following powers and functions:

(a) Formulate and recommend national policies and guidelines for the preparation and implementation of integrated and comprehensive transportation and communications systems at the national, regional and local levels;
(b) Establish and administer comprehensive and integrated programs, for transportation and communications, and for this purpose, may call on any agency, corporation, or organization, whether public or private, whose development programs include transportation and communications as an integral part thereof, to participate and assist in the preparation and implementation of such programs;
(c) Assess, review and provide direction to transportation and communications research and development programs of the government in coordination with other institutions concerned;
(d) Administer all laws, rules and regulations in the field of transportation and communications;
(e) Coordinate with the Ministry of Public Works and Highways in the design, development, rehabilitation, improvement, construction, maintenance and repair of telecommunications, ports, airports and railways projects and facilities including navigational aids and implement its development works through competitive bidding, negotiated contracts or other methods as the President may authorize;
(f) Establish, operate and maintain a nationwide postal system that shall include mail processing, delivery services, and money order services and promote the art of philately;
(g) Sub-allocate series of frequencies of bands allocated by the International Telecommunications Union to the specific services;
(h) Accredit foreign aircraft manufacturer and/or international organizations for aircraft certification in accordance with procedures and standards established by the Bureau of Air Transportation;

(i) Deputize the Philippine Airlines and/or the Airline Pilots Association of the Philippines for licensing of pilots in accordance with rules, procedures and standards established by the Bureau of Air Transportation;
(j) Perform such other powers and functions as may be prescribed by law.

SECTION 6. Authority and Responsibility. The authority and responsibility for the exercise of the mandate of the Ministry and for the discharge of its powers and functions shall be vested in the Minister of Transportation and Communications, hereinafter referred to as the Minister, who shall have supervision and control over the Minister and shall be appointed by the President.

SECTION 7. Office of the Minister. The Office of the Minister shall consist of the Minister and his immediate staff.

SECTION 8. Deputy Ministers. The Minister shall be assisted by four (4) Deputy Ministers appointed by the President upon the recommendation of the Minister, one to be responsible for Attached Agencies and Corporations, one for Transportation, one for Communications and one for Ministry Regional Offices.

SECTION 9. Assistant Ministers**.** The Minister shall also be assisted by seven (7) Assistant Ministers appointed by the President upon the recommendation of the Minister, each of whom shall head each of the following:

(a) Administrative and Legal Service;
(b) Finance and Management Service;
(c) Planning and Research Service;
(d) Technical Service;
(e) Luzon Regional Offices;
(f) Visayas Regional Offices;
(g) Mindanao Regional Offices.

SECTION 10. Structural organization**.** The Ministry, aside from the Ministry Proper which is comprised of the Offices of the Minister, Deputy and Assistant Ministers, shall be composed of the Bureaus and Ministry Regional Offices.

There shall be four (4) Bureaus, namely: Bureau of Land Transportation, Bureau of Air Transportation, Bureau of Posts, and Bureau of Telecommunications.

The Office of the Minister shall have direct line supervision and control over the Bureaus and Ministry Regional Offices. The Ministry Proper shall be responsible for developing and implementing policies, plans, programs and projects for the Ministry.

The Bureaus shall be essentially staff in character.

SECTION 11. Ministry Regional Offices**.** The Ministry shall have two (2) Ministry Regional Offices in each of the administrative regions of the country: the Ministry Regional Office for Transportation and the Ministry Regional Office for Communications. The present Regional Offices of the Bureau of Air Transportation and Land Transportation Commission are hereby abolished and their functions are transferred to the respective Ministry Regional Offices for Transportation. A Ministry Regional Office for Transportation shall be headed by a Ministry Regional Director assisted by two (2) Assistant Ministry Regional Directors responsible for air and land affairs, respectively. The present Regional Offices of the Bureau of Post and Bureau of Telecommunications are hereby abolished and their functions are transferred to respective Ministry Regional Office for Communications. A Ministry Regional Office for Communications shall be headed by a Ministry Regional Director assisted by

two (2) Assistant Ministry Regional Directors for telecommunications and postal services, respectively. The abolition of the herein Regional Offices and the transfer of their function shall be governed by the provision of Section 19 (b) hereof.

The Ministry Regional Offices shall be under the direct supervision of the Deputy Minister for Regional Offices. The Ministry Regional Offices shall be essentially line in character and shall be responsible for the delivery of all front line Services of the Ministry.

For such purposes, a Ministry Regional Office shall have, within its administrative region, the following functions:

(a) Implement laws, and policies, plans, programs, projects, rules and regulations of the Ministry;
(b) Provide efficient, and effective service to the people;
(c) Coordinate with regional offices of other ministries, offices and agencies;
(d) Coordinate with local government units;
(e) Perform such other functions as may be provided by law.

SECTION 12. Bureau of Air Transportation**.** The Bureau of Air Transportation, as reorganized herein, shall have the functions of developing, formulating and recommending plans, policies, programs, projects, standards, specifications and guidelines related to air transportation including air space utilization, air traffic control and aeronautics communications and information services, aircraft and air navigational facilities, services, maintenance and operations. For such purposes, it shall, with the approval of the Minister:

(a) Establish and prescribe rules and regulations for the inspection and registration of aircrafts;
(b) Establish and prescribe rules and regulations for the issuance of licenses to qualified airmen;
(c) Establish and prescribe rules and regulations for the enforcement of laws governing air transportation, including the penalties for violations thereof, and for the deputization of appropriate law enforcement agencies in pursuance thereof;
(d) Determine, fix and/or prescribe charges and/or rates pertinent to the operation of public air utility facilities and services except in cases where charges or rates are established by international bodies or associations of which the Philippines is a participating member or by bodies or associations recognized by the Philippine Government as the proper arbiter of such charges or rates;
(e) Administer and operate the Civil Aeronautics Training Center;
(f) Perform such other function as may be provided by law.

SECTION 13. Bureau of Land Transportation**.** The Bureau of Land Transportation is hereby created and shall have the functions of developing, formulating and recommending plans, programs, policies, standards, specifications and guidelines pertaining to land transportation. For such purposes, it shall, with the approval of the Minister:

(a) Establish and prescribe rules and regulations for routes, zones and/or areas of operations of particular operators of public land services;
(b) Establish and prescribe rules and regulations for the issuance of certificates of public convenience for the operation of public and land transportation utilities and services such as motor vehicles, trimobiles, and railroad lines;

(c) Establish and prescribe rules and regulations for the inspection and registration of public and land transportation facilities such as motor vehicles, trimobiles, and railroad lines;
(d) Establish and prescribe rules and regulations for the issuance of licenses to qualified motor vehicle drivers, trimobile drivers, motor vehicle conductors, train engineers and train conductors;
(e) Establish and prescribe the corresponding rules and regulations for the enforcement of laws governing land transportation, including the penalties for violation thereof, and for the deputization of appropriate law enforcement agencies in pursuance thereof;
(f) Determine, fix and/or prescribe charges and/or rates pertinent to the operation of public and land utility facilities and services except in cases where charges or rates are established by international bodies or associations of which the Philippines is a participating member or by bodies or associations recognized by the Philippine Government as the proper arbiter of such charges or rates;
(g) Establish and prescribe the rules, regulations, procedures and standards for the accreditation of driving schools;
(h) Perform such other functions as may be provided by law.

SECTION 14. Maritime Industry Authority**.** The Maritime Industry Authority is hereby retained and shall have the following functions:

(a) Develop and formulate, plans, policies, programs, projects, standards, specifications and guidelines geared toward the promotion and development of the maritime industry, the growth and effective regulation of shipping enterprises, and for the national security objectives of the country;
(b) Establish, prescribe and regulate routes, zones and/or areas of operation of particular operators of public water services;
(c) Issue Certificates of Public Convenience for the operation of domestic and overseas water carriers;
(d) Register vessels as well as issue certificates, licences or documents necessary or incident thereto;
(e) Undertake the safety regulatory functions pertaining to vessel construction and operation including the determination of manning levels and issuance of certificates of competency to seamen;
(f) Enforce laws, prescribe and enforce rules and regulations, including penalties for violation thereof, governing water transportation and the Philippine merchant marine with the aid of other law enforcement agencies;
(g) Undertake the issuance of licences to qualified seamen and harbor, bay and river pilots;
(h) Determine, fix and/or prescribed charges and/or rates pertinent to the operation of public water transport utilities, facilitate all services except in cases where charges or rates are established by international bodies or associations of which the Philippines is a participating member or by bodies or associations recognized by the Philippine Government as the proper arbiter of such charges or rates;
(i) Accredit marine surveyors and maritime enterprises engaged in shipbuilding, shiprepair, shipbreaking, domestic and overseas shipping, ship management and agency;
(j) Supervise the Philippine Merchant Marine Academy as reorganized herein in accordance with its charter, the provisions hereof and applicable laws, rules and regulations under the chairmanship of the maritime administrator;

(k) Issue and register the Continuous Discharge Book of Filipino Seamen;
(l) Establish and prescribe rules and regulations, standards and procedures for the efficient and effective discharge of the above functions;
(m) Perform such other function as may now or hereafter be provided by law.

SECTION 15. Bureau of Telecommunications**.** The Bureau of Telecommunications, as reorganized herein, shall develop, formulate and recommend plans, policies, programs, standards, specifications and guidelines to provide telecommunications facilities, including telecommunications systems for purposes of augmenting limited or inadequate existing private telecommunications service; provide telecommunications services in areas where no such services are available; and assist the private sector engaged in telecommunication services. For such purposes, it shall, with the approval of the Minister:

(a) Establish and prescribe rules and regulations for the operation and maintenance of such telecommunications facilities in areas not adequately served by the private sector in order to render such domestic and overseas services that are necessary or proper with due consideration for advances in technology;
(b) Administer and operate the Telecommunications Training Institute;
(c) Perform such other functions as may be provided by law.

SECTION 16. Bureau of Posts**.** The Bureau of Posts, presently existing, shall have the functions of developing, formulating and recommending plans, policies, programs, standards, specifications and guidelines to provide safe, fast, reliable and efficient postal service in the country. For such purposes, it shall, with the approval of the Minister:

(a) Establish and prescribe rules and regulations for the enforcement of laws governing postal service, including the penalties for violation thereof and for the deputization of appropriate law enforcement agencies in pursuance thereof;
(b) Determine, fix and/or prescribe charges and/or rates for postal services except in cases where charges or rates are established by international bodies or associations of which the Philippines is a participating member or by bodies or associations recognized by the Philippine Government as the proper arbiter of such charges or rates;
(c) Establish and prescribe rules and regulations for the operation and maintenance of a nationwide postal system that shall include mail processing, delivery services, and money order services and the promotion of philately;
(d) Perform such other functions as may be provided by law.

SECTION 17. Abolition/Transfer/Consolidation:

(a) The Land Transportation Commission hereby abolished and its staff functions are transferred to the Bureau of Land Transportation as provided in Section 13 herein and its line functions are transferred to the Ministry Regional Offices as provided in Section 11 herein. Such transfer of functions is subject to the provisions of Section 19 (b) hereof.
(b) PNL Leasing, Inc. is hereby abolished and its functions are transferred to Philippine National Lines, Inc. subject to the provisions of Section 19 (b) hereof.

(c) The National Aero Manufacturing, Inc. and the Philippine Aero Systems, Inc. are hereby abolished in accordance with the provisions of Section 19 (a) hereof.
(d) The Civil Aeronautics Board is hereby transferred from the Ministry of Tourism to the Ministry as an attached agency in accordance with the provisions of Section 19 (a) hereof.

SECTION 18. Attached Agencies and Corporations**.**

(a) The following agencies and corporations are attached to the Ministry: the Philippine National Railways, the Maritime Industry Authority, the Philippine National Lines, the Philippine Aerospace Development Corporation, the Metro Manila Transit Corporation, the Office of Transport Cooperatives, the Philippine Ports Authority, the Philippine Merchant Marine Academy, the Toll Regulator Board, the Light Rail Transit Authority, the Transport Training Center, the Civil Aeronautics Board, the National Telecommunications Commission and the Manila International Airport Authority.
(b) An Airport Security Center is hereby created within the Manila International Airport Authority, to plan, supervise, control, coordinate, integrate and direct intelligence and operational activities of all police and military units, security and safety service units, government monitoring and intelligence units and other security operating units employed by government entities and/or by private agencies in the Manila International Airport. The Center is under the direct supervision and control of MIAA General Manager. Moreover, the Authority shall be authorized to organize a Manila International Airport Police Force with all the police powers necessary to implement the objectives of the Center.

The exercise of supervision and control by the Airport Security Center does not include the transfer of appropriation, equipment and personnel to the said authority; PROVIDED, that the Airport Security Center may cause the deployment of equipment and personnel in such manner it deems necessary in the discharge of its functions.

SECTION 19. Transitory Provisions**.** In accomplishing the acts of reorganization herein prescribed, the following transitory provisions shall be complied with, unless otherwise provided elsewhere in this Executive Order:

(a) The transfer of a government unit shall include the functions, appropriations, funds, records, equipment, facilities, chooses in action, rights, other assets, and liabilities, if any, of the transferred unit as well as the personnel thereof, as may be necessary, who shall, in a hold over capacity, continue to perform their respective duties and responsibilities and receive the corresponding salaries and benefits unless in the meantime they are separated from government service pursuant to Executive Order No. 17 (1986) or Article III of the Freedom Constitution. Those personnel of the transferred unit whose positions are not included in the Ministry's new position structure and staffing pattern approved and prescribed by the Minister or who are not reappointed shall be deemed separated from the service and shall be entitled to the benefits provided in the second paragraph of Section 20 hereof.
(b) The transfer of functions which results in the abolition of the government unit that has exercised them shall include the appropriations, funds, records, equipment, facilities, choses in action, rights, other assets and personnel as may be necessary to the proper discharge of the transferred functions. The abolished units remaining appropriations and funds, if any, shall revert to the

General Fund and its remaining assets, if any, shall be allocated to such appropriate units as the Minister shall determine or shall otherwise be disposed in accordance with the Government Auditing Code and other pertinent laws, rules and regulations. Its liabilities, if any, shall likewise be treated in accordance with the Government Auditing Code and other pertinent laws, rules and regulations. Its personnel shall, in a hold-over capacity, continue to perform their duties and responsibilities and receive the corresponding salaries and benefits unless in the meantime they are separated from the service pursuant to Executive Order No. 17 (1986) or Article III of the Freedom Constitution. Its personnel, whose positions are not included in the Ministry's new position structure and staffing pattern approved and prescribed by the Minister under Section 20 hereof or who are not reappointed, shall be deemed separated from the service and shall be entitled to the benefits provided in the second paragraph of the same Section 20.

(c) The transfer of functions which does not result in the abolition of the government unit that has exercised them shall include the appropriations, funds, records, equipment, facilities, choses in action, rights, other assets and personnel as may be necessary to the proper discharge of the transferred functions. The liabilities, if any, that may have been incurred in connection with the discharge of the transferred functions, shall be treated in accordance with the Government Auditing Code and other pertinent laws, rules and regulations. Such personnel shall, in a hold-over capacity, continue to perform their respective duties and responsibilities and receive the corresponding salaries and benefits unless in the meantime they are separated from the service pursuant to Executive Order No. 17 (1986) or Article III of the Freedom Constitution. Personnel, whose positions are not included in the Ministry's new position structure and staffing pattern approved and prescribed by the Minister under Section 20 hereof or who have not been reappointed, shall be deemed separated from the service and shall be entitled to the benefits provided in the second paragraph of the same Section 20.

(d) In case of the abolition of a government unit which does not result in the transfer of its functions to another unit, the appropriations and funds of the abolished unit shall revert to the General Fund, while the records, equipment, facilities, choses in action, rights, and other assets, thereof shall be allocated to such appropriate units as the Minister shall determine or shall otherwise be disposed in accordance with the Government Auditing Code and other pertinent laws, rules and regulations. The liabilities of the abolished unit shall be treated in accordance with the Government Auditing Code and other pertinent laws, rules and regulations, while the personnel thereof, whose positions are not included in the Ministry's new position structure and staffing pattern approved and prescribed by the Minister under Section 20 hereof or who have not been reappointed, shall be deemed separated from the service and shall be entitled to the benefits provided in the second paragraph of the same Section 20.

(e) In case of merger or consolidation of government units, the new or surviving unit shall exercise the functions (subject to the reorganization herein prescribed and the laws, rules and regulations pertinent to the exercise of such functions) and shall acquire the appropriations, funds, records, equipment, facilities, choses in action, rights, other assets, liabilities if any, and personnel, as may be necessary, of (1) the units that compose the merged unit or (2) the absorbed unit, as the case may be. Such personnel shall, in a hold over capacity, continue to perform their respective duties and responsibilities and receive the corresponding salaries and benefits unless in the meantime they are separated from the service pursuant to Executive Order No. 17 (1986) or Article III of the Freedom Constitution. Any such personnel, whose

positions is not included in the Ministry's new position structure and staffing pattern approved and prescribed by the Minister under Section 20 hereof or who is not reappointed, shall be deemed separated from the service and shall be entitled to the benefits provided in the second paragraph of the same Section 20.

(f) In case of termination of a function which does not result in the abolition of the government unit which has performed such function, the appropriations and funds intended to finance the discharge of such function shall revert to the General Fund, while the records, equipment, facilities, choses in action, rights and other assets used in connection with the discharged of such function shall be allocated to the appropriate units as the Minister shall determine or shall otherwise be disposed in accordance with the Government Auditing Code and other pertinent laws, rules and regulations. The liabilities, if any, that may have been incurred in connection with the discharge of such function shall likewise be treated in accordance with the Government Auditing Code and other pertinent laws, rules and regulations. The personnel who have performed such function, whose positions are not included in the Ministry's new position structure and staffing pattern approved and prescribed by the Minister under Section 20 hereof or who have not been reappointed, shall be deemed separated from the service and shall be entitled to the benefits provided in the second paragraph of the same Section 20.

SECTION 20. New Structure and Pattern**.** Upon approval of this Executive Order, the officers (the term "officer" as used in this Executive Order is intended to be within the meaning of the term "official" as used in the Freedom Constitution) and employees of the Ministry shall, in a hold over capacity, continue to perform their respective duties and responsibilities and receive the corresponding salaries and benefits unless in the meantime they are separated from and government service pursuant to Executive Order No. 17 (1986) or Article III of the Freedom Constitution.

The new position structure and staffing pattern of the Ministry shall be approved and prescribed by the Minister, for the Ministry, within one hundred twenty (120) days from the approval of this Executive Order and the authorized positions created thereunder shall be filled with regular appointments by him or by the President as the case may be. Those incumbents whose positions are not included therein or who are not reappointed shall be deemed separated from the service. Those separated from the service shall receive the retirement benefits to which they may be entitled under existing laws, rules and regulations. Otherwise, they shall be paid the equivalent of one month basic salary for every year of service, or the equivalent nearest fraction thereof favorable to them on the basis of the highest salary received, but in no case shall such payment exceed the equivalent of 12 months salary.

No court or administrative body shall issue any writ or preliminary injunction or restraining order to enjoin the separation/replacement of any officer or employee effected under this Executive Order.

SECTION 21. Prohibition Against Changes**.** No change in the reorganization herein prescribed shall be valid except upon prior approval of the President for the purposes of promoting efficiency and effectiveness in the delivery of public services.

SECTION 22. Implementing Authority of Minister. The Minister shall issue such orders, rules, regulations and other issuances as may be necessary to ensure the effective implementation of the provisions of this Executive Order.

SECTION 23. Notice or Consent Requirements**.** If any reorganizational change herein authorized is of such substance or materiality as to prejudice third persons with rights recognized by law or contract such that notice to or consent of creditors is required to be made or obtained pursuant to

any agreement entered into with any of such creditors, such notice or consent requirement shall be complied with prior to the implementation of such reorganizational change.

SECTION 24. Funding**.** Funds needed to carry out the provisions of this Executive Order shall be taken from funds available in the Ministry.

SECTION 25. Change of Nomenclature**.** In the event of the adoption of a new Constitution which provides for a presidential form of government, the Ministry shall be called Department of Transportation and Communications and the titles of Minister, Deputy Minister, and Assistant Minister shall be changed to Secretary, Undersecretary and Assistant Secretary, respectively.

SECTION 26. Separability. Any portion or provision of this Executive Order that may be declared unconstitutional shall not have the effect of nullifying other portions or provisions hereof, as long as such remaining portions or provisions can still subsist and be given effect in their entirety.

SECTION 27. Repealing Clause**.** Presidential Decree No. 890 and Letters of Instruction Nos. 263 and 371 are hereby repealed. All laws, ordinances, rules, regulations, other issuances or parts thereof, which are inconsistent with this Executive Order, are hereby repealed or modified accordingly.

SECTION 28. Effectivity**.** This Executive Order shall take effect immediately upon its approval.

APPROVED in the City of Manila, Philippines, this 30th day of January, in the Year of Our Lord, Nineteen Hundred and Eighty-seven.

(Sgd.) **CORAZON C. AQUINO**

By the President:
(Sgd.) **JOKER P. ARROYO**
Executive Secretary

Source: **Presidential Management Staff**

Office of the President of the Philippines. (1987). *[Executive Order Nos.: 1 - 170]*. Manila: Presidential Management Staff.

OFFICE OF THE PRESIDENT
OF THE PHILIPPINES
MALACAÑANG

EXECUTIVE ORDER NO. 125-A
AMENDING EXECUTIVE ORDER NO. 125, ENTITLED "REORGANIZING THE MINISTRY OF TRANSPORTATION AND COMMUNICATIONS, DEFINING ITS POWERS AND FUNCTIONS, AND FOR OTHER PURPOSES"

WHEREAS, considering the peculiar situation obtaining in the Department of Transportation and Communications (DOTC), there is a compelling need to clarify and/or modify structural and functional organization of the Department as provided under Executive Order No. 125 in order to ensure compliance with its mandate and the attainment of the corresponding objectives as specified in Section 4 of said Executive Order.

NOW, THEREFORE, I, CORAZON C. AQUINO, President of the Republic of the Philippines, by virtue of the powers vested in me by the Constitution, do hereby order:

SECTION 1. Sections 5, 8, 9, 10 and 11 of Executive Order No. 125, otherwise known as the Reorganization Act of the Ministry of Transportation and Communications, are hereby amended to read as follows:

"Section 5. Powers and Functions. To accomplish its mandate, the Department shall have the following powers and functions:

(a) Formulate and recommend national policies and guidelines for the preparation and implementation of integrated and comprehensive transportation and communications systems at the national, regional and local levels;
(b) Establish and administer comprehensive and integrated programs for transportation and communications, and for this purpose, may call on any agency, corporation, or organization, whether public or private, whose development programs include transportation and communications as an integral part thereof, to participate and assist in the preparation and implementation of such program;
(c) Assess, review and provide direction to transportation and communications research and development programs of the government in coordination with other institutions concerned;
(d) Administer and enforce all laws, rules and regulations in the field of transportation and communications;
(e) Coordinate with the Department of Public Works and Highways in the design, location, development, rehabilitation, improvement, construction, maintenance and repair of all infrastructure projects and facilities of the Department. However, government corporate entities attached to the Department shall be authorized to undertake specialized

telecommunications, ports, airports and railways projects and facilities as directed by the President of the Philippines or as provided by law;

(f) Establish, operate and maintain a nationwide postal system that shall include mail processing, delivery services, and money order services and promote the art of philately;

(g) Issue certificates of public convenience for the operation of public land and rail transportation utilities and services;

(h) Accredit foreign aircraft manufacturers and/or international organizations for aircraft certification in accordance with established procedures and standards;

(i) Establish and prescribe rules and regulations for identification of routes, zones and/or areas of operation of particular operators of public land services;

(j) Establish and prescribe rules and regulations for the establishment, operation and maintenance of such telecommunications facilities in areas not adequately served by the private sector in order to render such domestic and overseas services that are necessary with due consideration for advances in technology;

(k) Establish and prescribe rules and regulations for the operation and maintenance of a nationwide postal system that shall include mail processing, delivery services, money order services and promotion of philately;

(l) Establish and prescribe rules and regulations for the issuance of certificates of public convenience for public land transportation utilities, such as motor vehicles, trimobiles and railways;

(m) Establish and prescribe rules and regulations for the inspection and registration of air and land transportation facilities, such as motor vehicles, trimobiles, railways and aircrafts;

(n) Establish and prescribe rules and regulations for the issuance of licenses to qualified motor vehicle drivers, conductors, and airmen;

(o) Establish and prescribe the corresponding rules and regulations for the enforcement of laws governing land transportation, air transportation and postal services, including the penalties for violations thereof, and for the deputation of appropriate law enforcement agencies in pursuance thereof;

(p) Determine, fix and/or prescribe charges and/or rates pertinent to the operation of public air and land transportation utility facilities and services, except such rates and/or charges as may be prescribed by the Civil Aeronautics Board under its charter, and, in cases where charges or rates are established by international bodies or associations of which the Philippines is a participating member or by bodies or associations recognized by the Philippine government as the proper arbiter of such charges or rates;

(q) Establish and prescribe the rules, regulations, procedures and standards for the accreditation of driving schools;

(r) Administer and operate the Civil Aviation Training Center (CATC) and the National Telecommunications Training Institute (NTTI); and
(s) Perform such other powers and functions as may be prescribed by law, or as may be necessary, incidental, or proper to its mandate or as may be assigned from time to time by the President of the Republic of the Philippines."

"Section 8. Undersecretaries. The Secretary shall be assisted by four (4) Undersecretaries appointed by the President upon the recommendation of the Secretary.

"Section 9. Assistant Secretaries and Service Chiefs. The Secretary shall also be assisted by eight (8) Assistant Secretaries appointed by the President upon the recommendation of the Secretary, each of whom shall respectively be responsible for the following four (4) staff offices composed of eight (8) services and four (4) line offices, and shall report to the respective Undersecretaries assigned by the Secretary, which Undersecretary shall have control and supervision over said respective services and offices:

(a) Office of the Assistant Secretary for Administrative and Legal Affairs:
    1) Administrative Service, and
    2) Legal Service
(b) Office of the Assistant Secretary for Finance and Comptrollership;
    1) Finance and Management Service, and
    2) Comptrollership Service
(c) Office of the Assistant Secretary for Planning and Project Development;
    1) Planning Service, and
    2) Project Development Service
(d) Office of the Assistant Secretary for Management Information Service and Project Management;
    1) Management Information Service, and
    2) Project Management Service
(e) Office of the Assistant Secretary for Land Transportation;
(f) Office of the Assistant Secretary for Postal Services;
(g) Office of the Assistant Secretary for Telecommunications;
(h) Office of the Assistant Secretary for Air Transportation.

Each of the above-named services shall be headed by a service chief appointed by the President upon the recommendation of the Secretary."

Section 10. Structural Organization. The Department, aside from the Department proper which is comprised of the Offices of the Secretary, Undersecretary and Assistant Secretaries shall include the Department regional offices and the attached agencies and corporations referred to in Section 14 hereof.

The Office of the Secretary shall have direct line supervision and control over the Department regional offices. The Department proper shall be responsible for developing and implementing policies, plans, programs and projects for the Department."

"Section 11. Department Regional Offices. The Department shall have three (3) Department Regional Offices in each of the administrative regions of the country: the Department Regional Office for Land Transportation, the Department Regional Office for Telecommunications and the Department Regional Office for Postal Services. The present Regional Offices of the Land Transportation Commission are hereby abolished and their functions are transferred to the respective Department Regional Offices for Land Transportation. The present Regional Offices of the Bureau of Telecommunications are hereby abolished and their functions are transferred to the respective Department Regional Offices for Telecommunications. The present Regional Offices of the Bureau of Posts are hereby abolished and their functions are transferred to the corresponding Department Regional Offices for Postal Services. Each Department Regional Office shall be headed by a Department Regional Director and assisted by a Department Assistant Regional Director. The present Airport Offices of the Bureau of Air Transportation are hereby abolished and their functions are transferred to the Department Airport Offices. The abolition of the herein Regional Offices and the transfer of their functions shall be governed by the provisions of Section 15 (b) hereof.

The Department Regional Offices shall essentially be line in character and shall be responsible for the delivery of all front line services of the Department.

For such purposes, the Department Regional Offices shall have, within their respective administrative regions, the following functions:

(a) Implement laws, and policies, plans, programs, projects, rules and regulations of the Department;
(b) Provide efficient, and effective service to the people;
(c) Coordinate with regional offices of other departments, offices and agencies;
(d) Coordinate with local government units;
(e) Perform such other functions as may be provided by law."

SECTION 2. Sections 12, 13, 15 and 16 of said Executive Order are hereby deleted.

SECTION 3. Section 14 of said Executive Order is hereby renumbered as Section 12 and amended to read as follows:

"Section 12. Maritime Industry Authority. The Maritime Industry Authority is hereby retained and shall have the following functions:

(a) Develop and formulate plans, policies, programs, projects, standards, specifications and guidelines geared toward the promotion and development of the maritime industry, the growth and effective regulation of shipping enterprises, and for the national security objectives of the country;
(b) Establish, prescribe and regulate routes, zones and/or areas of operation of particular operators of public water services;
(c) Issue Certificates of Public Convenience for the operation of domestic and overseas water carriers;

(d) Register vessels as well as issue certificates, licenses or documents necessary or incident thereto;
(e) Undertake the safety regulatory functions pertaining to vessel construction and operation including the determination of manning levels and issuance of certificates of competency to seamen;
(f) Enforce laws, prescribe and enforce rules and regulations, including penalties for violations thereof, governing water transportation and the Philippine merchant marine, and deputize the Philippine Coast Guard and other law enforcement agencies to effectively discharge these functions;
(g) Undertake the issuance of licenses to qualified seamen and harbor, bay and river pilots;
(h) Determine, fix and/or prescribe charges and/or rates pertinent to the operation of public water transport utilities, facilities and services except in cases where charges or rates are established by international bodies or associations of which the Philippines is a participating member or by bodies or associations recognized by the Philippine Government as the proper arbiter of such charges or rates;
(i) Accredit marine surveyors and maritime enterprises engaged in shipbuilding, shiprepair, shipbreaking, domestic and overseas shipping ship management and agency;
(j) Issue and register the continuous discharge book of Filipino seamen;
(k) Establish and prescribe rules and regulations, standards and procedures for the efficient and effective discharge of the above functions;
(l) Perform such other functions as may now or hereafter be provided by law."

SECTION 4. Section 17 of Executive Order No. 125 is hereby renumbered as Section 13 and amended to read as follows:

"Section 13. Abolition/Transfer/Consolidation:

(a) The Land Transportation Commission is hereby abolished and its staff functions are transferred to the service offices of the Department Proper and its line functions are transferred to the Department Regional Offices for Land Transportation as provided in Section 11 herein. Such transfer of functions is subject to the provisions of Section 15 (b) hereof. The quasi-judicial powers and functions of the Commission are transferred to the Department. The corresponding position structure and staffing pattern shall be approved and prescribed by the Secretary pursuant to Section 16 hereof.
(b) PNL Leasing, Inc. is hereby abolished and its functions are transferred to Philippine National Lines, Inc. subject to the provisions of Section 15 (b) hereof. The Secretary of Transportation and Communications or his designated representative shall be the Chairman of the Board.

(c) The National Aero Manufacturing, Inc. and the Philippine Aero Systems, Inc. are hereby abolished in accordance with the provisions of Section 15 (a) hereof.
(d) The Civil Aeronautics Board is hereby transferred from the Department of Tourism to the Department as an attached agency in accordance with the provision of Section 15 (a) hereof. The Secretary of Transportation and Communications or his designated representative shall be the Chairman of the Board.
(e) The Maritime Training Council's function of issuing certificates of competency to seamen under LOI 1404 is hereby transferred to the Maritime Industry Authority."

SECTION 5. Sections 18, 19, 20, 21, 22, 23, 24, 25 and 26 of said Executive Order are hereby renumbered as Sections 14, 15, 16, 17, 18, 19, 20, 21 and 22, respectively.

SECTION 6. Section 27 of said Executive Order is hereby renumbered as Section 23 and amended as follows:

"Section 23. Repealing Clause. Presidential Decree No. 890, Letter of Instruction Nos. 263 and 371 Executive Order No. 1011 dated March 20, 1985 are hereby repealed. All laws ordinances, rules, regulations, other issuances or parts thereof which are inconsistent with this Executive Order are hereby repealed or modified accordingly."

SECTION 7. Section 28 of said Executive Order is hereby renumbered as Section 24.

SECTION 8. This Executive Order shall take effect immediately upon its approval.

DONE in the City of Manila, Philippines, this 13th day of April, in the Year of Our Lord, Nineteen Hundred and Eighty-Seven.

(Sgd.) **CORAZON C. AQUINO**

By the President:
(Sgd.) **JOKER P. ARROYO**
Executive Secretary

Source: **Presidential Management Staff**

Office of the President of the Philippines. (1987). *[Executive Order Nos.: 1 - 170]*. Manila: Presidential Management Staff.

OFFICE OF THE PRESIDENT
OF THE PHILIPPINES
MALACAÑANG

EXECUTIVE ORDER NO. 126
REORGANIZING THE MINISTRY OF LABOR AND EMPLOYMENT
AND FOR OTHER PURPOSES

RECALLING that the reorganization of the government is mandated expressly in Article II, Section I (a), and Article III of the Freedom Constitution;

HAVING IN MIND that pursuant to Executive Order No. 5 (1986), it is directed that necessary and proper changes in the organizational and functional structures of the government, its agencies and instrumentalities, be effected in order to promote efficiency and effectiveness in the delivery of public services;

CONSIDERING that it has become necessary to introduce critical structural and functional changes in the Ministry of Labor and Employment to make it more responsive to the urgent demands of national economic recovery;

BELIEVING that the same Ministry has to streamline its operations by rationalizing its functions, structure and organization to make it more efficient and effective in undertaking its principal mission of translating the declared policy of the state on labor into meaningful program on employment promotion, manpower development and utilization, advancement of workers' welfare, provision for a decent living wage and other just and humane conditions of work and promotion of sound and stable industrial harmony as essential components of national economic recovery and developments;

RECOGNIZING that women and rural workers have a vital role in nation-building, the same Ministry has to create, promote and develop the conditions for their full utilization, including their protection and welfare.

NOW, THEREFORE, I, CORAZON C. AQUINO, by the powers vested in me by the sovereign will of the Filipino People and the Freedom Constitution, do hereby order:

SECTION 1. Title. This Executive Order shall otherwise be known as the Reorganization Act of the Ministry of Labor and Employment.

SECTION 2. Reorganization. The Ministry of Labor and Employment, hereinafter referred to as Ministry, is hereby reorganized, structurally and functionally in accordance with the provisions of this Executive Order.

SECTION 3. Declaration of Policy. It is the declared policy of the State to afford protection to labor, promote full employment, ensure equal work opportunities regardless of sex, race, or creed, and regulate the relations between workers and employers. The State shall assure the rights of the workers to self-organization, collective bargaining, security of tenure, and just and humane conditions of work.

SECTION 4. Mandate and Objectives. The Ministry shall be the primary policy, programming, coordinating and administrative entity of the Executive Branch of the government in the field of labor and employment. It shall assume primary responsibility for:

(a) The promotion of gainful employment opportunities and the optimization of the development and utilization of the country's manpower resources;

(b) The advancement of workers' welfare by providing for just and humane working conditions and terms of employment;
(c) The maintenance of industrial peace by promoting harmonious, equitable, and stable employment relations that assure equal protection for the rights of all concerned parties.

SECTION 5. Powers and Functions. In pursuit of its mandate, the Ministry shall have the following powers and functions:

Formulate and recommend policies, plans and programs for manpower development, training, allocation, and utilization;
Protect and promote the interest of every citizen desiring to work locally or overseas by securing for him the most equitable terms and conditions of employment, and by providing social and welfare services;
Regulate the employment of aliens, including the establishment of a registration and/or work permit system for such aliens;
Formulate general guidelines concerning wage and income policy;
Recommend necessary adjustments in wage structures with a view to developing a wage system that is consistent with national economic and social development plans;
(f) Provide for safe, decent, humane and improved working conditions and environment for all workers, particularly women and young workers;
(g) Maintain harmonious, equitable and stable labor relations system that is supportive of the national economic policies and programs;
(h) Uphold the right of workers and employers to organize and to promote free collective bargaining as the foundation of the labor relations system;
Provide and ensure the fair and expeditious settlement and disposition of labor and industrial disputes through collective bargaining, grievance machinery, conciliation, mediation, voluntary arbitration, compulsory arbitration as may be provided by law, and other modes that may be voluntarily agreed upon by the parties concerned.

SECTION 6. Minister of Labor and Employment. The authority and responsibility for the exercise of the mandate of the Ministry and for the discharge of its powers and functions shall be vested in the Minister of Labor and Employment, hereinafter referred to as the Minister, who shall be appointed by the President and who shall have supervision and control over the Ministry. For such purposes, the Minister shall have the following powers and functions:

Advise the President on the promulgation of executive/administrative orders, other regulative issuances and legislative proposals on matters pertaining to labor and employment;
(b) Formulate policies, guidelines, rules and regulations and other issuances necessary to carry out Ministry policies, plans, programs and projects;
(c) Issue orders, directives, rules and regulations and other issuances to carry out labor and employment policies, plans, programs and projects;
(d) Provide overall direction, supervision, and control over all offices under the Ministry to ensure effective and efficient implementation of its policies, plans, programs and projects;
Coordinate with other government offices, labor organizations, employers associations, and any other group to carry out the mandate of the Ministry;
(f) Evaluate the policy, plans, programs and project accomplishment of the Ministry;

(g) Prepare reports for the President and for the public;
(h) Delegate authority for the performance of any function to officers and employees of the Ministry;
Exercise such other powers and functions as may be provided by law or assigned by the President.

SECTION 7. Office of the Minister. The Office of the Minister shall consist of the Minister and his immediate staff.

SECTION 8. Deputy Minister. The Minister shall be assisted by not more than four (4) Deputy Ministers who shall be appointed by the President upon the recommendation of the Minister. The Minister is hereby authorized to delineate and assign the respective functional areas of responsibility of the Deputy Ministers, provided, that such responsibility shall be with respect to the mandate and objectives of the Ministry; and provided, further, that no Deputy Minister shall be assigned primarily administrative responsibilities. Within his functional area of responsibility, a Deputy Minister shall have the following functions:

Advise and assist the Minister in the formulation and implementation of the Ministry's policies, plans, programs and projects;
Oversee the operational activities of the Ministry
(c) Coordinate the programs and projects of the Ministry for efficient and effective administration;
Serve as deputy for the Minister;
Perform, when so designated, the power and functions of the Minister, during the latter's absence or incapacity;
(f) Perform such other functions as may be provided by law or assigned by the Minister to promote the efficiency and effectiveness in the delivery of public services.

SECTION 9. Assistant Ministers. The Minister shall likewise be assisted by not more than four (4) Assistant Ministers who shall be appointed by the President upon the recommendation of the Minister. The Minister is hereby authorized to delineate and assign the respective areas of functional responsibility of the Assistant Ministers. Within his functional area of responsibility, an Assistant Minister shall assist the Minister and Deputy Ministers in the formulation, determination and implementation of laws, policies, plans, programs and projects on labor and shall oversee the day-to-day administration and supervision of the constituent units of the Ministry.

SECTION 10. Structural Organization. The Ministry shall consist of the Ministry proper comprising the Office of the Minister, the Office of the Deputy and Assistant Ministers, the Services and the Staff Bureaus, and its Regional Offices.

SECTION 11. Planning Service. The Planning Service shall provide the Ministry with efficient, effective and economical services relating to planning, programming, project development and evaluation, and the development and implementation of a management information system.

SECTION 12. Administrative Service. The Administrative Service shall provide the Ministry with efficient, effective and economical services relating to records, management, supplies, equipment, collections, disbursements, building administration and maintenance, security and custodial work.

SECTION 13. Human Resource Development Service. The Human Resource Development Service shall provide the Ministry with a program and corresponding projects that shall make available training, education and development opportunities needed to upgrade the levels of competence and productivity

of Ministry managers and personnel. It shall absorb the powers and functions of the Administrative Service in relation to the development and administration of personnel programs including selection and placement, development, performance evaluation, employee relations and welfare.

SECTION 14. Financial Management Service. The Financial and Management Service shall be responsible for providing the Ministry with efficient, effective and economical services relating to budgetary, financial, management improvement and internal control matters.

SECTION 15. Legal Service. The Legal Service shall provide legal advice and service to Ministry officers and employees; prepare informative or clarificatory opinions on labor laws, rules and regulations for uniform interpretation thereof; answer legal queries from the public; assist the Office of the Solicitor General in suits involving the Ministry or its officers or employees or acts as their principal counsel in all actions taken in their official capacity or other causes before judicial or administrative bodies.

SECTION 16. International Labor Affairs Service. The International Labor Affairs Service shall be responsible for monitoring the observance and implementation of all obligations, courtesies, and facilities required by international labor affairs, particularly the International Labor Organization, the Conference of Asian Pacific Labor Ministries, the ASEAN Labor Ministers Meeting of which the Philippines is a member, and related international labor standards and agreements reached in various international labor forums, treaties, and other multilateral, bilateral or multi-bilateral agreements in the area of labor and employment; provide staff support and policy guidelines to the Minister in the supervision, monitoring and reporting of the activities of the Philippine overseas labor officers assigned in different countries; serve as the instrumentality of the Ministry for technical cooperation, programs and activities with other countries and international institutions.

SECTION 17. Information and Publications Service. The Information and Publication Service shall be responsible for promoting rapport and understanding between the Ministry and the public through the development of public relations programs and the dissemination of accurate and updated information on labor and employment, by means of publications and media coverages of special events and related matters on the Ministry's policies, plans, programs, and projects; shall likewise be responsible for providing answers to queries from the public regarding the Ministry's policies, rules, regulations, programs, activities and services.

SECTION 18. Bureaus. The following staff bureaus of the Ministry are hereby retained and shall continue to have the same functions, except as otherwise provided herein:

(a) Bureau of Local Employment
(b) Bureau of Women and Young Workers;
Bureau of Rural Workers;
Bureau of Labor Relations, which shall continue to performs its present functions except those to be absorbed by the National Mediation and Conciliation Board as provided under Section 29 (c) hereof; and
Bureau of Working Conditions.

SECTION 19. Attached Agencies. The following agencies shall continue to be attached to the Ministry for policy and program coordination and administrative supervision:

(a) National Wages Council;
(b) Philippine Overseas Employment Administration;
(c) Employees' Compensation Commission which is hereby reorganized to include the Executive Director of the ECC as an ex-officio member of the Commission;

(d) The National Manpower and Youth Council;
(e) The National Labor Relations Commission;
(f) The Welfare Fund for Overseas Workers' Administration which is hereby renamed as the Overseas Workers' Welfare Administration;
(g) Maritime Training Council; and
(h) National Maritime Polytechnic

SECTION 20. Center for Labor Studies. There is hereby created a Center for Labor Studies, hereinafter referred to as the Center, which shall be under the administrative supervision of the Minister. The Center shall absorb the research and publication functions of the Institute of Labor and Manpower Studies which is hereby abolished in accordance with Section 29 (b). The Center, to be headed by an Executive Director, assisted by a Deputy Executive Director, shall have the following functions:

(a) Undertake research and studies in all areas of labor and manpower policy and administration;
(b) Review the rationale of existing legislation and regulations and analyze the costs involved in the implementation of such legislation against the benefits expected to be derived;
(c) Study and develop innovative and indigenous approaches towards the promotion of harmonious and productive labor-management relations and the improvement of workers' welfare services;
(d) Develop and undertake research programs and projects in collaboration with other national agencies to enhance the Ministry's capability to participate in national decision and policy making;
(e) Enter into agreements with international or bilateral agencies for the carrying out of the foregoing functions;
(f) Expand the scope of its research interests into other countries and regions;
(g) Publish its research studies for dissemination to government as well as to all concerned parties; and
(h) Perform such other functions as may be provided by law or assigned by the Minister.

SECTION 21. Bureau of Labor and Employment Statistics. A Bureau of Labor and Employment Statistics is hereby created and shall absorb the functions of the Labor Statistics Service which is hereby abolished in accordance with Section 29 (b). The Bureau shall have the following functions:

Formulate, develop and implement plans and programs on the labor statistical system in order to provide the government with timely, accurate and reliable data on labor and employment.
Conduct nationwide surveys and studies which will generate trends and structures on labor and employment.
Develop and prescribe uniform statistical standards, nomenclatures and methodologies for the collection, processing, presentation and analysis of labor and employment data.
(d) Establish appropriate mechanisms for the coordination of all statistical activities in the Ministry and for collaboration with other government and private agencies including international research organizations in the conduct of surveys and studies in the area of labor and employment.

Disseminate statistical information and provide statistical services/advice to the users by establishing a data bank and issuing the Bureau's statistical materials and research findings.

Develop and undertake programs and projects geared towards the enhancement of the technical competence of the Ministry on theories, techniques and methodologies for the improvement of the labor statistical system.

(g) Monitor and exercise technical supervision over the statistical units in the Ministry and its agencies.
(h) Perform such other functions as may be provided by law or assigned by the Minister.

SECTION 22. National Conciliation and Mediation Board. A National Conciliation and Mediation Board, herein referred to as the "Board", is hereby created and which shall absorb the conciliation, mediation and voluntary arbitration functions of the Bureau of Labor Relations in accordance with Section 29 (c) hereof. The Board shall be composed of an Administrator and two (2) Deputy Administrators. It shall be an attached agency under the administrative supervision of the Minister of Labor and Employment.

The Administrator and the Deputy Administrators shall be appointed by the President upon recommendation of the Minister of Labor and Employment. There shall be as many Conciliators-Mediators as the needs of the public service require, who shall have at least three (3) years of experience in handling labor relations and who shall be appointed by the President upon recommendation of the Minister.

The Board shall have its main office in Metropolitan Manila and its Administrator shall exercise supervision over Conciliators-Mediators and all its personnel. It shall establish as many branches as there are administrative regions in the country, with as many Conciliators-Mediators as shall be necessary for its effective operation. Each branch of the Board shall be headed by an Executive Conciliator-Mediator.

The Board shall have the following functions:

Formulate policies, programs, standards, procedures, manuals of operation and guidelines pertaining to effective mediation and conciliation of labor disputes;
(b) Perform preventive mediation and conciliation functions;
(c) Coordinate and maintain linkages with other sectors or institutions, and other government authorities concerned with matters relative to the prevention and settlement of labor disputes;
(d) Formulate policies, plans, programs, standards, procedures, manuals of operation and guidelines pertaining to the promotion of cooperative and non-adversarial schemes, grievance handling, voluntary arbitration and other voluntary modes of dispute settlement;
(e) Administer the voluntary arbitration program; maintain/update a list of voluntary arbitrations; compile arbitration awards and decisions;
(f) Provide counselling and preventive mediation assistance particularly in the administration of collective agreements;
(g) Monitor and exercise technical supervision over the Board programs being implemented in the regional offices; and
(h) Perform such other functions as may be provided by law or assigned by the Minster.

SECTION 23. Transfer. The National Productivity Commission is hereby transferred from the National Economic Development Authority and attached to the Ministry in accordance with Section 29 (c) hereof. The Commission shall primarily deal with productivity promotion and enhancement,

education and training, coordination/monitoring, funding and the conduct of special and policy studies directly related to its activities. It shall have the Minister of Trade and Industry as Chairman and the Minister of Labor and Employment as Vice-Chairman.

SECTION 24. Regional Offices. The Ministry is hereby authorized to establish, operate and maintain such ministry-wide Regional Offices in each of the administrative regions of the country, insofar as necessary, which shall be headed by a Regional Director who shall have supervision and control thereof. The Regional Director, whenever necessary, shall be assisted by an Assistant Regional Director. A Regional Office shall have, within its regional area, the following functions:

(a) Implement laws, policies, plans, programs, projects, rules and regulations of the Ministry;
(b) Provide economical, efficient and effective service to the people;
(c) Coordinate with regional offices of other ministries and agencies;
Coordinate with local government units; and
(e) Perform such other functions as may be provided by law or assigned by the Minister.

SECTION 25. New Structure and Pattern. Upon approval of this Executive Order, the officers and employees of the Ministry shall in a hold over capacity, continue to perform their respective duties and responsibilities and receive the corresponding salaries and benefits unless in the meantime they are separated from government service pursuant to Executive Order No. 17 (1986) or Article III of the Freedom Constitution.

The new position structure and staffing pattern of the Ministry shall be approved and prescribed by the Minister for the Ministry within one hundred twenty (120) days from the approval of this Executive Order and the authorized positions created thereunder shall be filled with regular appointments by him or by the President as the case may be. Those incumbents whose positions are not included therein or who are not reappointed shall be deemed separated from the service. Those separated from the service shall receive the retirement benefits to which they may be entitled under existing laws, rules and regulations. Otherwise, they shall be paid the equivalent of one-month basic salary for every year of service, or the equivalent nearest fraction thereof favorable to them on the basis of the highest salary received, but in no case shall such payment exceed the equivalent of 12 months salary.

No court or administrative body shall issue any writ or preliminary injunctions or restraining order to enjoin the separation/replacement of any officer or employee affected under this Executive Order.

SECTION 26. Prohibition Against Reorganizational Change. No change in the reorganization herein prescribed shall be valid except upon prior approval of the President for the purpose of promoting efficiency and effectiveness in the delivery of public services.

SECTION 27. Funding. Funds needed to carry out the provisions of this Executive Order shall be taken from funds available in the Ministry.

SECTION 28. Implementing Authority of Minister. The Minister shall issue such rules, regulations and other issuances as may be necessary to ensure the effective implementation of the provisions of this Executive Order.

SECTION 29. Transitory Provisions. In the abolition/transfer of entity/functions as prescribed in the Executive Order, the following rules shall be provided:

(a) Any transfer of entities shall include the functions, appropriations, funds, records, equipment, facilities, other properties, assets, and liabilities and of the transferred entity as well as the personnel thereof as may be necessary, who shall, in a hold over capacity, continue to

perform their respective duties and responsibilities and receive the corresponding salaries and benefits unless in the meantime they are separated from government service pursuant to Executive Order No. 17 (1986) or Article III of the Freedom Constitution. Those personnel from the transferred entity whose positions are not included in the new position structure and staffing pattern approved by the Minister or who are not reappointed shall be entitled to the benefits provided in the second paragraph of Section 25 hereof.

(b) Any transfer of functions which results in the abolition of the entity that has exercised such transferred functions shall include as may be necessary, to the proper discharge of the transferred functions, the appropriations, funds, records, equipment, facilities, other assets, and personnel of the entity from which such functions have been transferred. The remaining appropriations and funds shall revert to the General Fund and the remaining records, equipment, facilities and other assets shall be allocated to such appropriate units as the Minister shall determine or otherwise shall be disposed of, in accordance with the Auditing Code and other pertinent laws, rules and regulations. The liabilities, if any, of the abolished entity shall be treated likewise in accordance with the Auditing Code and other pertinent laws, rules and regulations. Incumbents of the abolished entity shall, in a hold over capacity continue to perform their respective duties and responsibilities and receive the corresponding salaries and benefits unless in the meantime they are separated from government service pursuant to Executive Order No. 17 (1986) or Article III of the Freedom Constitution. Any such personnel whose position is not included in the new position structure and staffing pattern approved by the Minister or who is not reappointed shall be entitled to the benefits provided in the second paragraph of Section 25 hereof.

(c) Any transfer of functions which does not result in the abolition of the entity that has exercised such transferred functions shall include the appropriations, funds, records, equipment, facilities, other assets as well as the personnel of the entity from which such functions have been transferred that are necessary to the proper discharge of such transferred functions. The liabilities, if any, which have been incurred in connection with the discharge of the transferred functions shall be allocated in accordance with the Auditing Code and the pertinent laws, rules and regulations. Such personnel shall, in a hold over capacity, continue to perform their respective duties and responsibilities and receive the corresponding salaries and benefits unless in the meantime they are separated from government service pursuant to Executive Order No. 17 (1986) or Article III of the Freedom Constitution. Any such personnel whose position is not included in the new position structure and staffing pattern approved by the Minister or who is not reappointed shall be entitled to the benefits provided in the second paragraph of Section 25 hereof.

(d) In case of the abolition of an entity which does not result in the transfer of its functions to another entity, the appropriations and funds of the abolished entity shall revert to the General Fund, while the records, equipment, facilities and other assets thereof shall be allocated to such appropriate units as the Minister shall determine or otherwise shall be disposed of in accordance with the Auditing Code and other pertinent laws, rules and regulations. The liabilities, if any, of the abolished entity shall be treated in accordance with the Auditing Code and other pertinent laws, while the personnel thereof shall be entitled to the benefits provided in the second paragraph of Section 25 hereof.

SECTION 30. Change of Nomenclatures. In the event of the adoption of a new Constitution which provides for a presidential form of government, the Ministry shall be called Department of

Labor and Employment and the titles of Minister, Deputy Minister, and Assistant Minister shall be changed to Secretary, Undersecretary, and Assistant Secretary, respectively.

SECTION 31. Notice or Consent Requirement. If any reorganizational change herein authorized is of such substance or materiality as to prejudice third persons with rights recognized by law or contract such that notice to or consent of. creditors is required to be made or obtained pursuant to any agreement entered into with any of such creditors, such notice or consent requirement shall be complied with prior to the implementation of such reorganizational change.

SECTION 32. Separability Clause. Any portion or provision of this Executive Order that may declared unconstitutional shall not have the effect of nullifying other portions or provisions hereof as long as such remaining portions or provisions can still subsist and be given effect in their entirety.

SECTION 33. Repealing Clause. All laws, ordinances, rules, regulations, other issuances or parts thereof, which are inconsistent with this Executive Order, are hereby repealed or modified accordingly.

SECTION 34. Effectivity. This Executive Order shall take effect immediately upon its approval.

APPROVED in the City of Manila, Philippines, this 30th day of January, in the Year of Our Lord, Nineteen Hundred and Eighty-seven.

(Sgd.) **CORAZON C. AQUINO**

By the President:
(Sgd.) **JOKER P. ARROYO**
Executive Secretary

Source: **Presidential Management Staff**

Office of the President of the Philippines. (1987). *[Executive Order Nos.: 1 - 170]*. Manila: Presidential Management Staff.

MALACAÑANG
MANILA

EXECUTIVE ORDER NO. 127
REORGANIZING THE MINISTRY OF FINANCE

RECALLING that the reorganization of the government is mandated expressly in Article II, Section 1 (a) and Article III of the Freedom Constitution;

HAVING IN MIND that pursuant to Executive Order No. 5 (1986), it is directed that the necessary and proper changes in the organizational and functional structures of the government, its agencies and instrumentalities, be effected in order to promote efficiency and effectiveness in the deliver of public services;

BELIEVING that it is necessary to reorganize the Ministry of Finance to make it more capable and responsive, organizationally and functionally, in its primary mandate of judiciously generating and efficiently managing the financial resources of the Government, its subdivisions and instrumentalities in order to attain the socio-economic objectives of the national development programs

NOW, THEREFORE, I, CORAZON C. AQUINO, President of the Philippines, by virtue of the powers vested in me by the sovereign will of the Filipino People and the Freedom Constitution, do hereby order:

SECTION 1. *Title*.—This Executive Order shall otherwise be known as the Reorganization Act of the Ministry of Finance.

SEC. 2. *Reorganization*.—The Ministry of Finance, hereinafter referred to as Ministry, is hereby reorganized, structurally and functionally, in accordance with the provisions of this Executive Order.

SEC. 3. *Declaration of Policy*.—It is the policy of the State that the Ministry of Finance shall be primarily responsible for the sound and efficient management of the financial resources of the Government, its subdivisions, agencies and instrumentalities.

SEC. 4. *Mandate*.—The Ministry shall be responsible for the formulation, institutionalization and administration of fiscal policies in coordination with other concerned subdivisions, agencies and instrumentalities of government.

Moreover, the Ministry shall be responsible for the generation and management of the financial resources of government, ensuring that said resources are generated and managed judiciously and in a manner supportive of development objectives.

The Ministry shall be responsible for the supervision of the revenue operations of all local government units, with the objective of making these entities less dependent on funding from the national government.

Finally, the Ministry shall be responsible for the review, approval and management of all public sector debt, whether foreign or domestic, with the end in view of ensuring that all borrowed funds are effectively utilized and all such obligatoins are promptly serviced by the government.

SEC. 5. *Powers and Functions*.—To accomplish its mandate, the Ministry shall have the following powers and functions:

(a) In coordination with other concerned government agencies, formulate long-range, medium-term and annual plans covering the government's resource mobilization effort, involving all public sector resources whether generated by revenues and operations, foreign and domestic

borrowing, sale or privatization of corporations or assets, or from other sources; and supervise the implementation of such plans;
(b) Formulate, institutionalize and administer fiscal and tax policies;
(c) Supervise, direct and control the collection of government revenues;
(d) Act as custodian and manage all financial resources of the national government;
(e) Undertake and supervise activities related to the negotiation, servicing and restructuring of domestic and foreign debt incurred or guaranteed by the government and its instrumentalities, including taking part in activities which affect the country's capacity to service foreign debt;
(f) Review and coordinate the policies, plans and programs of government financial institutions and thereafter recommend to them courses of action that dovetail these policies, plans and programs to national government fiscal policies, plans and programs;
(g) Ensure the implementation of necessary policies and measures on local revenue administration;
(h) Coordinate with other government agencies on matters concerning fiscal and monetary policies, credit, economic development, international finance, trade and investment;
(i) Perform such other powers and functions as may be provided by law.

Sec. 6. *Minister of Finance*.—The authority and responsibility for the exercise of the mandate of the Ministry and for the discharge of its powers and functions shall be vested in the Minister of Finance, hereinafter referred to as Minister, who shall have supervision and control of the Ministry and shall be appointed by the President.

Sec. 7. *Structural Organization*.—The Ministry, aside from the Ministry Proper comprising the Office of the Minister, the Offices of the Deputy and Assistant Ministers, the Economic Intelligence and Investigation Bureau and the Services, shall consist of the Operations Groups and their constituent units, and Regional Offices.

Sec. 8. *Office of the Minister*.—The Office of the Minister shall consist of the Minister, his deputies and their immediate staffs.

Sec. 9. *Deputy Ministers*.—The Minister shall be assisted by five (5) Deputy Ministers appointed by the President upon the recommendatoin of the Minister, each of whom shall head, respectively, the policy Development and Management Services Group mentioned in Section 11 hereof and the four (4) Operations Groups mentioned in Section 12 hereof.

Sec. 10. *Assistant Ministers*.—The Minister shall also be assisted by five (5) Assistant Ministers appointed by the President upon the recommendation of the Minister. The respective assignments of the Assistant Ministers and the reporting procedures to be followed by them shall be determined by the Minister.

Sec. 11. *Policy Development and Management Services Group*.—The Policy Development and Management Services Group, which shall be headed by a Deputy Minister, shall consist of the following:

(a) Planning and Policy Research Office;
(b) Central Management Information Office;
(c) Central Administration Office;
(d) Central Financial Management Office;
(e) Public Information and Assistance Office;
(f) Legal Office;
(g) Regional Coordination Office.

Sec. 12. *Operations Groups*.—The Operations Groups, each of which shall be headed by a Deputy Minister, shall consist of the following:

(a) Revenue Operations Group, composed of the following:

(1) Bureau of Internal Revenue;
(2) Bureau of Customs;
(3) Revenue Service;
(4) Legal Service;

(b) Domestic Operations Group, composed of the following:

(1) Bureau of Treasury;
(2) Bureau of Local Government Finance;
(3) Financial and Fiscal Policy and Planning Office;

(c) International Finance Group, composed of the following:

(1) International Finance Policy Office;
(2) International Finance Operations Office.

Sec. 13. *Planning and Policy Research Office*.—The Planning and Policy Research Office shall have the following functions:

(a) Formulate long-range and annual projections of revenue needs, cash position and borrowing capacity of the Government as basis for policy decisions of the Ministry;
(b) Supervise policy research and development on fiscal and tax measures undertaken by the operating bureaus and offices of the Ministry;
(c) Coordinate with other government agencies on policy research as it impacts on fiscal and tax measures;
(d) Perform such other functions as may be assigned by the Minister or his deputies.

Sec. 14. *Composition*.—The Planning and Policy Research Office shall be composed of the following:

(a) National Resource Planning Division;
(b) Policy Research and Coordination Division;
(c) Statistical Development and Coordination Division;
(d) Special Studies Division.

Sec. 15. *Central Management Information Office*.—The Central Management Information Office shall have the following functions:

(a) Establish a Management Information System and sub-systems for monitoring and evaluation of Ministry-wide programs and projects, including those that are executed by operating Bureaus and Offices;

(b) Formulate policies, plans and procedures for data control and systems management;
(c) Act as the central repository of existing and future computer files;
(d) Perform such other appropriate functions as may be assigned by the Minister or his deputies.

Sec. 16. *Composition*.—The Central Management Information Office shall be composed of the following:

(a) Project Monitoring and Evaluation Division;
(b) Data Control and Systems Management Division;
(c) Data Encoding and Processing Division;
(d) Computer Operating Division.

Sec. 17. *Central Administration Office*.—The Central Administration Office shall have the following functions:

(a) Supervise Ministry-wide services relating to internal cash management, personnel administration, property and supplies procurement and custody; and maintenance of central files, an corresponding reporting systems;
(b) Assist in the formulation of policies and guidelines on the management of human and physical resources and general housekeeping activities for uniformity and standardization;
(c) Serve as a center for the establishment and periodic evaluation of management operation systems, internal control and work outputs to determine Ministry-wide performance efficiency;
(d) Design and develop training policies and guidelines, administer and evaluate training programs and, in coordination with external training institutions, screen and recommend to the Minister the participation of Ministry personnel in training programs, seminars and conferences in the country or abroad;
(e) Ensure that Ministry-wide activities and efforts are focused towards a central direction as embodied in the national socio-economic development plans;
(f) Perform such other appropriate functions as may be assigned by the Minister or his deputies.

Sec. 18. *Composition*.—The Central Administration Office shall be composed of the following:

(a) Cash Management Division;
(b) Personnel Services Division;
(c) General Services Division;
(d) Management Systems and Performance Evaluation Division;
(e) Central Records Management Division;
(f) Human Resources Development Division;
(g) Ministry Plans and Programs Division.

All divisions enumerated above shall be replicated as sections or divisions under the Administration Division or Office, as the case may be, which each operating Bureau under the Ministry shall have.

Sec. 19. *Central Financial Management Office*.—The Central Financial Management Office shall have the following functions:

(a) Supervise Ministry-wide activities relating to budget preparation and management, Ministry accounting, and internal audit;
(b) Perform such other appropriate functions as may be assigned by the Minister or his deputies.

Sec. 20. *Composition*.—The Central Financial Management Office shall be composed of the following:

(a) Budget Division;
(b) Accounting Division;
(c) Audit Division.

All divisions enumerated above shall be replicated as sections or divisions under the Financial Management Division or Office, as the case may be, which each operating Bureau of the Ministry shall have.

Sec. 21. *Public Information and Assistance Office*.—The Public Information and Assistance Office shall have the following functions:

(a) Provide policy direction and guidance to the operating Bureaus and Offices of the Ministry for the proper dissemination of appropriate information on Ministry-wide programs operations and activities;
(b) Provide the operating Bureaus and Offices with the general framework for rendering direct assistance to the general public;
(c) Receive complaints and grievances from the general public; prepare referrals to concerned Bureaus and Offices and monitor responses or actions taken;
(d) Perform such other appropriate functions as may be assigned by the Minister or Deputy Minister for Policy Development and Management Service.

Sec. 22. *Composition*.—The Public Information and Assistance Office shall be composed of the following:

(a) Public Information Management Division;
(b) Public Assistance Management Division.

Sec. 23. *Legal Office*.—The Legal Office shall have the following functions:

(a) Prepare draft opinions/rulings for signature of the Minister or his deputy on matters elevated to it by the Bureaus and Offices of the Ministry;
(b) Conduct legal researches on all matters referred to it by the Minister or his deputies;
(c) Perform such other appropriate functions as may be assigned by the Minister or his deputies.

Sec. 24. *Composition*.—The Legal Office shall be composed of the following:

(a) Legal Research Division;
(b) Opinions/Rulings Division.

All divisions enumerated above shall be replicated as sections under the Legal Division, which each operating Bureau of the Ministry shall have.

Sec. 25. *Regional Coordination Office*.—The function of the Regional Coordination Office is to coordinate the operations of the Regional Offices.

Sec. 26. *Economic Intelligence and Investigation Bureau*.—The Economic Intelligence and Investigation Bureau, which shall be headed by and subject to the supervision and control of the Commissioner who shall be appointed by the President upon the recommendation of the Minister, shall have the following functions:

(a) Receive, gather and evaluate intelligence reports and information and evidence on the nature, modes and extent of illegal activities affecting the national economy, such as, but not limited to, economic sabotage, smuggling, tax evasion, and dollar-salting, investigate the same and aid in the prosecution of cases;
(b) Coordinate with external agencies in monitoring the financial and economic activities of persons or entities, whether domestic or foreign, which may adversely affect national financial interest with the goal of regulating, controlling or preventing said activities;
(c) Provide all intelligence units of operating Bureaus or Offices under the Ministry with the general framework and guidelines in the conduct of intelligence and investigation works;
(d) Supervise, monitor and coordinate all the intelligence and investigation operations of the operating Bureaus and Office under the Ministry;
(e) Investigate, hear and file, upon clearance by the Minister, anti-graft and corruption cases against personnel of the Ministry and its constituent units;
(f) Perform such other appropriate functions as may be assigned by the Minister or his deputies.

Sec. 27. *Composition*.—The Economic and Investigation Bureau shall be composed of the following:

(a) Intelligence Office;
(b) Investigation and Prosecution Office;
(c) Internal Inquiry and Prosecution Office;
(d) Internal Administration Office.

All offices enumerated above except the Internal Administration Office shall be replicated as divisions under the Intelligence and Investigation Office, which each operating Bureau of the Ministry shall have.

Sec. 28. *Bureau of Internal Revenue*.—The Bureau of Internal Revenue, which shall be headed by and subject to the supervision and control of the Commissioner of Internal Revenue, who shall be appointed by the President upon the recommendation of the Minister and hereinafter referred to as Commissioner shall have the functions of assessing and collecting all taxes, fees and charges, accounting for all revenues collected, exercising duly delegated police powers, administering all legal requirements that are appropriate, preventing and prosecuting tax evasions and other illegal economic activities, exercising supervision and control over its constituent units, and performing such other functions as may be provided by law. The Commissioner of Internal Revenue with the approval of the Minister of Finance will draft and prepare the necessary rules and regulations as may be needed to delineate the authority and responsibility of the various groups and services of the Bureau.

Letter of Instruction 204 which grants full authority to the Commissioner of Internal Revenue in matters of discipline and appointment of Internal Revenue personnel shall remain in effect.

SEC. 29. *Deputy Commissioners*.—The Commissioner shall be assisted by two (2) Deputy Commissioners. Each Deputy Commissioner shall supervise one (1) of the Groups defined in Section 30 below, to be assigned by the Commissioner.

SEC. 30. *Composition*.—The Bureau of Internal Revenue shall be composed of the following:

(a) *Assessment and Collection Group*, headed and supervised by a Deputy Commissioner and composed of the following Services, each of which shall be headed by a Service Chief:

(1) Assessment Service, composed of the following:

(i) National Audit Review Division;
(ii) Assessment Performance Control Division;
(iii) Tax Credit/Refund Division;

(2) Collection Service, composed of the following;

(i) Collection Enforcement Division;
(ii) Accounts Receivable/Billing Division;
(iii) Collection Performance Evaluation Division;
(iv) Withholding Tax Division;

(3) Excise Tax Service, composed of the following:

(i) Alcohol Tax Division;
(ii) Oil and Miscellaneous Tax Division;
(iii) Tabacco Tax Division;
(iv) Field Operations Division;
(v) BIR Laboratory;

(4) Special Operations Service, composed of the following:

(i) Industry Audit Division;
(ii) Banks, Financing and Insurance Division;
(iii) International Tax Affairs Division;
(iv) Value-Added Tax Division;

(5) Regional Offices

(b) *Legal and Internal Administration Group*, headed and supervised by a Deputy Commissioner and composed of the following Services, each of which shall be headed by a Service Chief:

(1) Legal Service, composed of the following:

(i) Legislative, Ruling and Research Division;
(ii) Prosecution Division;

(iii) Appellate Division;
(iv) Litigation Division;

(2) Financial Service, composed of the following:

(i) Revenue Accounting Division;
(ii) Budget Division;
(iii) Disbursement Accounting Division;
(iv) PO/CR Monitoring Division;
(v) Statistical Analysis Division;

(3) Administrative Service, composed of the following:

(i) Personnel Division;
(ii) General Services Division;
(iii) Property Division;
(iv) Accountable Forms Division;
(v) Records Division;
(vi) Career Development Division;
(vii) Medical and Dental Division;

(4) Planning and Research Service, composed of the following:

(i) Planning and Research Division;
(ii) Management Information and Data System Division;
(iii) Public Information and Assistance Division;

(5) Inspection Service, composed of the following:

(i) Internal Security Division;
(ii) Fiscal Control Division;
(iii) Personnel Inquiry Division.

Sec. 31. *Appointment by the President*.—The aforementioned Deputies shall be appointed by the President upon the recommendation of the Minister.

Sec. 32. *Management and Technical Staff*.—The Commissioner and the two (2) Deputy Commissioners shall each have a Management and Technical Staff to render technical and secretarial support services.

Sec. 33. *Bureau of Customs*.—The Bureau of Customs, which shall be headed and subject to the management and control of the Commissioner of Customs, who shall be appointed by the President upon the recommendation of the Minister and hereinafter referred to as Commissioner, shall have the function of collecting custom duties, taxes and the corresponding fees, charges and penalties, accounting for all customs revenues collected, exercising police authority for the enforcement of tariff and customs laws, preventing and suppressing smuggling, pilferage and all other economic frauds within all ports of entry, supervising and controlling exports, imports, foreign mails, and the clearance of vessels and aircrafts in all ports of entry administering all legal requirements that are appropriate, preventing

and prosecuting smuggling and other illegal activities in all ports under its jurisdiction, exercising supervision and control over its constituent units, and performing their functions as may be provided by law. Executive Order No. 39 dated 6 August 1986 which grants autonomy to the Commissioner of Customs in matters of appointment and discipline of Customs personnel shall remain in effect.

Sec. 34. *Composition*.—The Bureau of Customs shall be composed of the following:

(a) Customs Revenue Collection Monitoring Group, headed and supervised by a Deputy Commissioner and composed of the following services, each of which shall be headed by a Service Chief:

(1) Legal Service, composed of the following:

(i) Ruling and Research Division;
(ii) Prosecution and Litigation Division;
(iii) Appellate Division;
(iv) Tax Exempt Division.

(2) Financial Service, composed of the following:

(i) Revenue Accounting Division;
(ii) Statistical Analysis Division.

(3) Collection Service, composed of the following:

(i) Collection Performance/Evaluation Division;
(ii) Liquidation and Assessment Audit Division;
(iii) Bonds Audit Division.

(b) Customs Assessment and Operations Coordinating Group, headed and supervised by a Deputy Commissioner and composed of the following services, each of which shall be headed by a Service Chief:

(1) Imports and Assessment Service, composed of the following:

(i) Valuation and Classification Division;
(ii) Assessment Coordination and Monitoring Division;
(iii) Warehouse Coordination Division.

(2) Ports Operations Service composed of the following:

(i) Auction and Cargo Disposal Division;
(ii) Export Coordination Division;
(iii) Port Operations Division.

(c) Intelligence and Enforcement Group, headed and supervised by a Deputy Commissioner and composed of the following services, each of which shall be headed by a Service Chief:

(1) Intelligence and Investigation Service, composed of the following:

(i) Intelligence Division;
(ii) Investigation and Prosecution Division;
(iii) Internal Inquiry and Prosecution Division.

(2) Enforcement and Security Service, composed of the following:

(i) Customs Police Division;
(ii) Water Patrol Division;
(iii) Radio Communication Division.

(d) Internal Administration Group, headed and supervised by an Assistant Commissioner and composed of the following:

(1) Financial Management Office;
(2) Administration Office;
(3) Planning and Policy Research Division
(4) Management Information and Data Systems Division;
(5) Public Information and Assistance Division;
(6) Medical and Dental Division;
(7) Human Resources Management Division.

Sec. 35. *Appointment by President*.—The aforementioned Deputy and Assistant Commissioners shall be appointed by the President upon the recommendation of the Commissioner of Customs in keeping with the intent of Executive Order No. 39.

Sec. 36. *Definition of Functions*.—

(a) Customs Revenue Collection Monitoring Group. The Customs Revenue Collection Monitoring Group shall have the following functions:

(1) Maintain an updated accounting for all Customs revenues collected;
(2) Administer legal requirements of the Bureau of Customs to include litigation and prosecution of cases;
(3) Provide the Commissioner of Customs with accurate and timely information and analysis of collection statistics;
(4) Conduct continuing audit of liquidated entries and outstanding bonds;
(5) Perform such other appropriate functions consistent with the assigned tasks of the group and others which may be given by the Commissioner.

(b) Customs Assessment and Operations Coordinating Group. The Customs Assessment and Operations Coordinating Group shall have the following functions:

(1) Regularly gather and upon approval of the Commissioner, publish values of commodities imported into the Philippines, such values being the bases for the computation of customs duties and other revenues;

(2) Monitor for decision making purposes the implementation of rules and regulations governing assessment, warehousing and support operations;
(3) Monitor auction and disposal activities together with port/airport operations related activities for decision-making purposes;
(4) Perform other appropriate functions consistent with the assigned tasks of the Group which may be given by the Commissioner.

(c) Intelligence and Enforcement Group, shall have the following functions;

(1) Regularly and consistently gather intelligence information related to customs and economic activities for proper dissemination to the Customs offices concerned;
(2) Conduct internal inquiry and investigation which may serve as the basis for prosecution;
(3) Exercise police authority conferred by the Tariff and Customs Code or other laws which include the enforcement of seizures and forfeitures and the imposition of penalties and fines;
(4) Perform such other appropriate functions consistent with the assigned tasks of the Group and others which may be given by the Commissioner.

Sec. 37. *The Collection Districts*.—

(a) The Bureau shall have 13 Collection Districts under the direct control and supervision by the Commissioner. Each Collection District shall have as many subports as necessary to maximize revenue collection and the prevention of smuggling and fraud against customs. Each Collection District shall be headed and supervised by a District Collector while each subport will be headed by a Port Collector. The Collectors shall have the following functions:

(1) Collect duties, taxes, fees, charges, penalties and fines accruing to the Government under the Tariff and Customs Code and related laws;
(2) Exercise police powers conferred to him/her by the Tariff and Customs Code or other laws which include the enforcement of penalties and fines;
(3) Examine goods, assess duties, fees, charges, penalties and fines accruing to the Government under the Tariff and Customs Code and other related laws;
(4) Supervise the entrance and clearance of vessels and aircrafts engaged in foreign commerce;
(5) Supervise and control handling of foreign mails arriving in the Philippines;
(6) Supervise all import and export cargoes landed and/or stored in piers, airports, terminal facilities, yards and freight stations;
(7) Perform such other appropriate functions consistent with the assigned task of the District/Port Collectors and those which may be given by the Commissioner.

Sec. 38. *Management and Technical Staff*.—The Commissioner and three (3) Deputy Commissioners, and the Assistant Commissioner shall each have a Management and Technical Staff, which shall be limited to a specific number of personnel as determined by the Commissioner, to render technical and secretarial support services.

Sec. 39. *Bureau of Treasury*.—The Bureau of Treasury, which shall be headed by and subject to the supervision and control of the National Treasurer who shall be appointed by the President upon the recommendation of the Minister, shall have the following functions:

(a) Act as the principal custodian of all national government funds;
(b) Assist in the formulation of, and execute, policies on financial management, public borrowings and capital market development;
(c) Formulate, in coordination with government agencies concerned annual projections of revenue needs, cash position and borrowing capacity of the government;
(d) Maintain accounts of the financial transactions of all national Ministries, bureaus, agencies and instrumentalities;
(e) Manage the cash resources of the Government and perform banking functions in relation to receipts and disbursements of national funds;
(f) Manage, control and service public debts from domestic or foreign sources;
(g) Exercise line supervision over its Regional Offices/field units within Ministry Regional Administrative Coordination Offices;
(h) Perform such other appropriate functions as may be assigned by the Minister or Deputy Minister for Domestic Operations.

Sec. 40. *Composition*.—The Bureau of Treasury shall be composed of the following

(a) Internal Affairs Sub-Sector under the direct supervision and control of an Assistant National Treasurer and composed of the following:

(1) Administrative Service which shall be composed of:

(a) Legal, Intelligence and Investigation Division;
(b) Human Resources Management Division;
(c) General Services Division;
(d) Internal Security Division;
(e) Public Information and Assistance Division.

(2) Financial and Management Service which shall be composed of:

(a) Accounting Division;
(b) Budget Division;
(c) Management and Audit Division;
(d) Fidelity Bond Division.

(3) Management Information and Data Systems Service which shall be composed of:

(a) Data Control Division;
(b) Data Encoding and Processing Division;
(c) Computer Operations Division;
(d) E.D.P. Systems Management Division;

(4) Planning and Policy Research Division;
(5) Public Information and Assistance Division;
(6) Legal Division.

(b) National Government Affairs Sub-Sector under the direct supervision and control of an Assistant National Treasurer and composed of the following:

(1) Public Debt Management Service which shall be composed of:

(i) Internal Debt Management Division;
(ii) External Debt Management Division;
(iii) Debt Servicing Division;
(iv) Backpay Division.

(2) Debt Clearing Service which shall be composed of:

(i) National Government Accounts Division;
(ii) Government Corporate and Private Individual/Corporations Division;
(iii) Local Government Accounts Division;

(3) National Cash Accounts Service which shall be composed of:

(i) Fiscal Management Division;
(ii) National Cash Accounting Division;
(iii) Treasury Accounts Reconciliation Division;
(iv) Treasury Miscellaneous Accounting Division.

(4) Treasury Banking Service which shall be composed of:

(i) Cash Division;
(ii) Special Clearing Division;
(iii) Claims and Documents Division.

(5) Operations Planning Service shall be composed of:

(i) Fiscal Planning and Evaluation Division
(ii) Financial Planning and Evaluation Division
(iii) Statistical Analysis and Information Division.

(6) Regional Offices which shall have under their supervision all provincial offices and shall be under the direct control and supervision of the National Treasurer.

SEC. 41. *Assistance to National Treasurer*.—The National Treasurer shall be directly assisted by the:

(a) Management and Technical Staff, which shall perform the functions of rendering technical and secretarial support services;

(b) Intelligence and Investigation Office, which shall perform the following functions:

(1) Monitor, gather and evaluate reports on financial and economic activities of persons or entities, foreign and domestic, which may adversely affect national financial interests;
(2) Perform such other appropriate functions as may be assigned by the National Treasurer.

Sec. 42. *Appointment by the President*.—The aforementioned two (2) Assistant National Treasurers shall be appointed by the President upon the recommendation of the Minister.

Sec. 43. *Bureau of Local Government Finance*.—The Bureau of Local Government Finance, which shall be headed by and subject to the supervision and control of an Executive Director who shall be appointed by the President upon the recommendation of the Minister, shall have the following functions:

(a) Assist in the formulation and implementation of policies on local government revenue administration and fund management;
(b) Exercise administrative and technical supervision and coordination over the treasury and assessment operations of local governments;
(c) Develop and promote plans and programs for the improvement of resource management systems, collection enforcement mechanisms, and credit utilization schemes at the local levels;
(d) Provide consultative services and technical assistance to the local governments and the general public on local taxation, real property assessment and other related matters;
(e) Exercise line supervision over its Regional Offices/field units within the Ministry Regional Administrative Coordination Office and the local treasury and assessment services:
(f) Perform such other appropriate functions as may be assigned by the Minister or Deputy Minister for Domestic Operations.

Sec. 44. *Composition*. The Bureau of Local Government Finance shall be composed of the following:

(a) Internal Administration Office, under the direct supervision and control of the Director and composed of the following:

(1) Planning and Policy Research Division;
(2) Management Information and Data Systems Division;
(3) Public Information and Assistance Division;
(4) Financial Management Division;
(5) Administrative Division;
(6) Legal Division.

(b) Policy Enforcement and Special Projects Group, headed and supervised by a Deputy Director and composed of the following Services, each of which shall be headed by a Service Chief:

(1) Local Finance Policy Enforcement Service, composed of the following:

(i) Local Treasury Operations Division;
(ii) Local Tax Policy Research and Review Division;

(iii) Local Assessment Operations Division;
(iv) Local Government Loan Review Division;

(2) Special Projects Management Service, composed of the following:

(i) Plans and Programs Development Division;
(ii) Project Execution and Management Division;
(iii) Project Monitoring and Evaluation Division;
(iv) Central Fund Management Division;

(c) Field Operations Examination Group, headed by a Deputy Director and composed of the following:

(i) Management Systems Examination Division;
(ii) Real Property Assessment Examination Division;
(iii) Financial Operations Examination Division;
(iv) Local Revenue Enforcement Examination Division.

Sec. 45. *Assistance to the Executive Director*.—The Executive Director shall be directly assisted by the:

(a) Management and Technical Staff, which shall perform the functions of rendering technical and secretarial support services;
(b) Intelligence and Investigation Office, which shall perform the following functions:

(1) Monitor, gather and evaluate reports on financial and economic activities of persons or entities, foreign and domestic, which may adversely affect national financial interests;
(2) Perform such other appropriate functions as may be assigned by the Director.

Sec. 46. *Financial and Fiscal Policy and Planning Office*.—The Financial and Fiscal Policy and Planning Office, which shall be headed by a Director who shall be appointed by the President upon the recommendation of the Minister, shall have the following functions:

(a) Coordinate, in consultation with the appropriate government agencies, the formulation of integrated financial and fiscal plans of the national Government and the local governments, consistent with the national development plan;
(b) Monitor and review the implementation of such financial and fiscal plans in relation to recent development in the economy;
(c) Coordinate with other government agencies involved in financial, fiscal and economic planning and policy formulation;
(d) Undertake special studies and research projects on financial and fiscal policies;
(e) Coordinate the formulation and assessment of Ministry policies affecting domestic finance operations with the different bureaus and offices of the Ministry;
(f) Perform such other appropriate functions as may be assigned by the Minister, the Deputy Minister for Domestic Operations or the Assistant Minister directly assisting the Deputy Minister for Domestic Operations.

Sec. 47. *Composition*.—The Financial and Fiscal Policy and Planning Office shall be composed of the following:

(a) Financial and Fiscal Planning Division;
(b) Policy Research and Coordination Division;
(c) Statistics Division;
(d) Special Studies Division;
(e) Administrative and Support Services Staff.

Sec. 48. *International Finance Policy Office*.—The International Finance Policy Office, headed by a Director who shall be appointed by the President upon recommendation of the Minister, shall have the following functions:

(a) Monitor and analyze international monetary, financial and trade developments and their implications for the Philippine economy and evolve proposals for appropriate response to said events;
(b) Provide inputs into the formulation of fiscal, monetary, financial, foreign trade and exchange rate policies as well as budgetary and balance of payments programming in line with domestic economic goals and the external financial and trade environment;
(c) Formulate and monitor a foreign financing program on the basis of domestic requirements and trends in development assistance and other capital flows;
(d) Interact with multilateral, regional and other international organizations and formulate in coordination with appropriate agencies Philippine positions on institutional and policy issues taken up in these bodies;
(e) Coordinate with other appropriate ministries and government agencies in areas concerning international finance and foreign trade;
(f) Perform such other appropriate functions as may be assigned by the Minister or Deputy Minister for International Finance.

Sec. 49. *Composition*.—The International Finance Policy Office shall be composed of the following:

(a) International Economy Division;
(b) External Adjustments Division.

Sec. 50. *International Finance Operations Office*.—The International Finance Operations Office, headed by a Director, shall have the following functions:

(a) Assist in the formulation of policy and guidelines for foreign borrowings including provision of government guarantees and monitor compliance with these policies;
(b) Provide support work for international financial negotiations and participate in such negotiations with multilateral financial institutions, bilateral creditors and donors and commercial creditors. This includes negotiations for new assistance (grants and loans) as well as for debt rescheduling;

(c) Monitor implementation of projects funded by foreign assistance and credits, utilization of such external resources and compliance with commitments as well as debt repayment obligations;
(d) Assist in the structuring and conduct of international conferences and meetings of the Ministry's officers (the term "officer" as used in this Executive Order is intended to be within the meaning of the term "official" as used in the Freedom Constitution) with foreign dignitaries or organizations;
(e) Perform such other appropriate functions as may be assigned by the Minister or Deputy Minister for International Finance.

Sec. 51. *Composition*.—The International Finance Operations Office shall be composed of the following:

(a) Commercial Credits and Legal Services Division;
(b) Bilateral Assistance Division;
(c) Multilateral Assistance Division.

Sec. 52. *Administrative Staff and Finance Attache Division*.—The Deputy Minister for International Finance shall be directly assisted by a Finance Attache Division and Administrative Staff.

Sec. 53. *Legal Service, Revenue Service and Regional Offices*.—The existing Legal Service, Revenue Service and Regional Offices for internal revenue, customs, national treasury, and local government finance shall continue to be operated and maintained by the Ministry. Each Regional Office shall be headed by a Regional Director.

A Regional Office shall have, within its administrative region, the following functions:

(a) Implement laws, rules and regulations, policies, plans, programs and projects of the Ministry;
(b) Provide efficient and effective service to the people;
(c) Coordinate with regional offices of other ministries, offices and agencies in the region;
(d) Coordinate with local government units;
(e) Perform such other functions as may be provided by law.

Sec. 54. *MOF-RACO*.—For purposes of achieving maximum utilization of resources, management coordination and administrative integration at the regional levels, there is hereby created a Ministry of Finance Regional Administrative Coordination Office (MOF-RACO) in each of the administrative regions of the country, to be headed by a Regional Executive Director who shall report directly to the Deputy Minister for Internal Administration. The Minister shall define the appropriate functions to be delegated to the MOF-RACO.

The MOF-RACO shall provide coordinative and administrative support services to all the Regional Offices of the operating Bureaus of the Ministry in its administrative region and shall be composed of the following:

(a) Planning and Policy Research Division;
(b) Intelligence and Investigation Division;
(c) Management Information and Data Systems Division;
(d) Public Information and Assistance Division;
(e) Financial Management Division;

(f) Administrative and Personnel Division;
(g) Records Management Division;
(h) General Services Division.

The constituent units of the foregoing divisions shall be similar to the constituent units of their respective central offices in the Ministry.

The Regional Offices of each operating Bureau under the Ministry, however, shall remain under the technical supervision and control of the head of the Bureau to which they belong. For monitoring purposes, however, each Regional Office shall submit operational reports to the MOF-RACO as required.

Sec. 55. *Abolition of Units Integral to Ministry*.—All units not included in the structural organization as herein provided and all positions thereof are hereby deemed abolished. Their appropriations and funds shall revert to the General Fund, while their records, equipment, facilities and other assets shall be allocated to such appropriate units as the Minister shall determine. Their liabilities, if any, shall be treated in accordance with the Auditing Code and other pertinent laws, rules and regulations. Their personnel shall be entitled to the benefits provided in the second paragraph of Section 59 hereof.

Sec. 56. *Securities and Exchange Commission*.—The Securities and Exchange Commission is hereby detached from the Ministry.

Sec. 57. *Attached Agencies*.—The following agencies are hereby attached to the Ministry:

(a) Philippine Crop Insurance Corporation:
(b) Philippine Export and Foreign Loan Guarantee Corporation;
(c) Insurance Commission;
(d) National Tax Research Center;
(e) Central Board of Assessment Appeals;
(f) Fiscal Incentives Review Board.

Sec. 58. *Abolished Agencies*.—The following agencies, presently attached to the Ministry, are treated as follows:

(a) Export Credit Corporation is hereby abolished and its functions are transferred to the Philippine Export and Foreign Loan Guarantee Corporation, together with its appropriations, funds, records, equipment, facilities, other assets and personnel as may be necessary to the proper discharge of the transferred functions. Its remaining appropriations and funds, if any, shall revert to the General Fund and its remaining records, equipment, facilities and other assets thereof, if any, shall be allocated to such appropriate units as the Minister shall determine or shall otherwise be disposed in accordance with the Auditing Code and other pertinent laws, rules and regulations. Its liabilities, if any shall likewise be treated in accordance with the Auditing Code and other pertinent laws, rules and regulations. Its personnel shall, in a holdover capacity, continue to perform their duties and responsibilities and receive the corresponding salaries and benefits unless in the meantime they are separated from the service pursuant to Executive Order No. 17 (1986) or Article III of the Freedom Constitution. Its personnel whose positions are not included in the new position structure and staffing pattern of the Philippine Export and Foreign Loan Guarantee Corporation or who are not reappointed shall be entitled to the benefits provided in the second paragraph of Section 59 hereof;

(b) Gold Mining Industry Assistance Board is hereby abolished, its functions are discontinued and its records, equipment, facilities and other assets are transferred to the Bureau of Mines and Geosciences of the Ministry of Natural Resources. Its appropriations and funds shall revert to the General Fund, while its personnel shall be entitled to the benefits provided in the second paragraph of Section 59 hereof.

Sec. 59. *New Structure and Pattern*.—Upon approval of this Executive Order, the officers and employees of the Ministry shall, in a holdover capacity, continue to perform their respective duties and responsibilities and receive the corresponding salaries and benefits unless in the meantime they are separated from government service pursuant to Executive Order No. 17 (1986) or article III of the Freedom Constitution.

The new position structure and staffing pattern of the Ministry shall be approved and prescribed by the Minister within one hundred twenty (120) days from the approval of this Executive Order and the authorized positions created hereunder shall be filled with regular appointments by him or by the President, as the case may be. Those incumbents whose positions are not included therein or who are not reappointed shall be deemed separated from the service. Those separated from the service shall receive the retirement benefits to which they may be entitled under existing laws, rules and regulations. Otherwise, they shall be paid the equivalent of one month basic salary for every year of service, or the equivalent nearest fraction thereof favorable to them on the basis of highest salary received, but in no case shall such payment exceed the equivalent to 12 months salary.

No court or administrative body shall issue any writ or preliminary injunction or restraining order to enjoin the separation/replacement of any officer or employee effected under this Executive Order.

Sec. 60. *Periodic Performance Evaluation*.—The Minister is hereby required to formulate and enforce a system of measuring and evaluating periodically and objectively the performance of the Ministry and submit the same annually to the President.

Sec. 61. *Notice or Consent Requirement*.—If any reorganizational change herein authorized is of such substance or materiality as to prejudice third persons with rights recognized by law or contract such that notice to or consent of creditors is required to be made or obtained pursuant to any agreement entered into with any of such creditors, such notice or consent requirement shall be complied with prior to the implementation of such reorganizational change.

Sec. 62. *Change of Nomenclatures*.—In the event of the adoption of a new Constitution which provides for a presidential form of government, the Ministry shall be called Department of Finance and the titles of Minister, Deputy Minister, and Assistant Minister shall be changed to Secretary, Undersecretary and Assistant Secretary respectively.

Sec. 63. *Prohibition Against Change*.—No change in the reorganization herein prescribed shall be valid except upon prior approval of the President for the purpose of promoting efficiency and effectiveness in the delivery of public services.

Sec. 64. *Funding*.—Funds needed to carry out the provisions of this Executive Order shall be taken from funds available in the Ministry.

Sec. 65. *Implementing Authority of Minister*.—The Minister shall issue such rules, regulations and other issuances as may be necessary to ensure the effective implementation of the provisions of this Executive Order.

Sec. 66. *Separability*.—Any portion or provision of this Executive Order that may be declared unconstitutional shall not have the effect of nullifying other portions or provisions hereof as long as such remaining portions or provisions can still subsist and be given effect in their entirety.

Sec. 67. *Repealing Clause*.—All laws, ordinances, rules, regulations and other issuances or parts thereof, which are inconsistent with this Executive Order, are hereby repealed or modified accordingly.

Sec. 68. *Effectivity*.—This Executive Order shall take effect immediately upon its approval.

Approved in the City of Manila, Philippines, this 30th day of January, in the year of Our Lord, nineteen hundred and eighty-seven.

(Sgd.) **CORAZON C. AQUINO**
President of the Philippines

By the President:
(Sgd.) **JOKER P. ARROYO**
Executive Secretary

Source: **Presidential Museum and Library**

Office of the President of the Philippines. (1987). *[Official Gazette of the Republic of the Philippines, 83(17),* 2009-2024.

MALACAÑANG
MANILA

EXECUTIVE ORDER NO. 127-A
CREATING THE CORPORATE AFFAIRS GROUP AND FOR THE PURPOSES

WHEREAS, the proliferation of corporations and assets owned, controlled or acquired by the government has caused one of the most serious financial problems of the national government;

WHEREAS, the rationalization, privatization and public accountability of such corporations and assets is now a primary national objective and a primary function of the Department of Finance which is to play a central role in the attainment of this objective;

WHEREAS, the appropriate organization for this function was not provided in Executive Order No. 127, Series of 1987 reorganizing the Ministry of Finance;

NOW, THEREFORE, I, CORAZON C. AQUINO, President of the Philippines, by virtue of the powers vested in me by the sovereign will of the Filipino people and the Constitution, do hereby order:

Section 1. Section 12 of Executive Order No. 127, Series of 1987 is hereby amended, to include paragraph d, to read as follows:

"d) Corporate Affairs Group composed of the following:

(1) Corporate Concerns Office;
(2) Policy and Program Coordination Office; and
(3) Privatization Office"

Section 2. Executive Order No. 127, Series of 1987 is hereby amended to include new sections to be known as Sections 53-59 to read as follows:

"Section 53. Corporate Concerns Office. The Corporate Concerns Office, headed by a Director shall have the following functions:

(a) Provide assistance to the Department of Finance in the exercise of its role in the Government Corporate Monitoring and Coordinating Committee;
(b) Provide assistance to the Department relating to the operations of government corporations; and
(c) Perform such other functions as may be assigned by the Secretary and Undersecretaries of Finance.

Section 54. Composition. The Corporate Concerns Office shall be composed of the following:

(a) Government Financial Institution Division;
(b) Public Utilities Division;
(c) Agricultural/Industrial/Area Development Institutions Divisions; and

(d) Trading/Cultural/Scientific Institutions Division.

Section 55. Policy and Program Coordination Office. The Policy Program Coordination office, headed by a Director shall have the following functions:

(a) Formulate the policies of the Department of Finance affecting government corporate sector consistent with the National Government Plan;
(b) Coordinate with offices within the Department as well as with other government departments in the adoption of an integrated fiscal and financial plan and program for the National Government;
(c) Conduct studies and researches necessary for the efficient and effective implementation of such policies; and
(d) Perform such other functions as may be assigned by the Secretary and Undersecretaries of Finance.

Section 56. Composition. The Policy and Program Coordination Office shall be composed of the following:

(a) Policy Research and Formulation Division; and
(b) Program Implementation Division.

Section 57. Privatization Office. The Privatization Office, to be headed by a Director, shall have the following functions:

(a) Provide assistance to the Secretary of Finance in the exercise of his functions as Chairman of the Committee on Privatization;
(b) Provide assistance to the Secretary of Finance in the evaluation and review of the issues involved in the prospective privatization or disposal of government corporate assets;
(c) Assess the financial and socioeconomic impact of the privatization or disposal of corporate assets;
(d) Perform other such functions as may be assigned by the Secretary and Undersecretaries of Finance.

Section 58. Composition. The Privatization Office shall be composed as follows:

(a) Appraisal and Evaluation Division; and
(b) Issues and Procedures Division.

Section 59. Support Services and Staffs. The Undersecretary for Corporate Affairs shall be directly assisted by support services and staffs, as follows:

(a) Government Corporate Databank Service;
(b) Administrative Staff; and
(c) Committee on Privatization Secretariat."

Accordingly, Sections 53-68 of Executive Order No. 127 are hereby renumbered as Sections 60-75.

Section 3. Separability. Any portion or provision of this Executive Order that may be declared unconstitutional shall not have the effect of nullifying other portions or provisions hereof as long as such remaining portions or provisions can still subsist and be given effect in their entirety.

Section 4. Repealing Clause. All laws, ordinances, rules, regulations and other issuances or parts thereof, which are inconsistent with this Executive Order are hereby repealed or modified accordingly.

Section 5. Effectivity. This Executive Order shall take effect immediately upon its approval.

APPROVED in the City of Manila, Philippines, this 22nd day of July, in the year of Our Lord, Nineteen Hundred and Eighty-Seven.

(Sgd.) **CORAZON C. AQUINO**
President of the Philippines

By the President:
(Sgd.) **JOKER P. ARROYO**
Executive Secretary

Source: **Presidential Management Staff**

Office of the President of the Philippines. (1987). *[Executive Order Nos.: 1 - 170]*. Manila: Presidential Management Staff.

OFFICE OF THE PRESIDENT
OF THE PHILIPPINES
MALACAÑANG

EXECUTIVE ORDER NO. 128
REORGANIZING THE NATIONAL SCIENCE AND TECHNOLOGY AUTHORITY

RECALLING that the reorganization of the government is mandated expressly in Article II, Section 1 [a], and Article III of the Freedom Constitution;

HAVING IN MIND that, pursuant to Executive Order No. 5 (1986), it is directed that necessary and proper changes in the organizational and functional structures of the government, its agencies and instrumentalities, be effected in order to promote efficiency and effectiveness in the delivery of public services;

AFFIRMING that it is necessary to reorganize the National Science and Technology Authority in order to make it more effective and responsive to the scientific and technological needs of the country;

NOW, THEREFORE, I, CORAZON C. AQUINO, President of the Philippines, by virtue of the powers vested in me by the sovereign will of the Filipino people and the Freedom Constitution, do hereby order:

SECTION . Title. This Executive Order shall otherwise be known as the Reorganization Act of the National Science and Technology Authority.

SEC. 2. Reorganization. The National Science and Technology Authority is hereby reorganized, structurally and functionally, hereinafter referred to as Authority, in accordance with the provisions of this Executive Order.

SEC. 3. Declaration of Policy. It shall be the policy of the State to:

> Support and encourage local scientific and technological efforts that address national and local problems and positively contribute to national development;
>
> Promote the development of local capability in science and technology to achieve technological self-reliance in selected areas that are vital to national development;
>
> Support and encourage public and private sector partnership aimed at accelerating self-reliance in the selected areas;
>
> Encourage and support private sector initiatives in science and technology and provide the necessary incentives and assistance to enable the private sector to take increasing responsibility and a greater role in the country's research and development efforts.

SEC. 4. Mandate. The Authority shall provide central direction, leadership, and coordination of scientific and technological efforts and ensure that the results therefrom are geared and utilized in areas of maximum economic and social benefits for the people.

The Authority shall formulate and implement policies, plans, programs and projects for the development of science and technology and for the promotion of scientific and technological activities for both the public and private sectors, and ensure that the results of scientific and technological activities are properly applied and utilized to accelerate economic and social development.

The Authority shall continually review the state and needs of science and technology in the context of the country's developmental goals.

SEC. 5. Powers and Functions. To accomplish its mandate, the Authority shall have the following powers and functions:

[a Formulate and adopt a comprehensive National Science and Technology Plan including specific goals, policies, plans, programs and projects based on the recommendation of the Inter-Council Review Board and, upon approval by the President, monitor and coordinate its funding and implementation by all government agencies and instrumentalities;

Promote, assist, and where appropriate, undertake scientific and technological research and development in those areas which are determined to be vital to the country's development and offer optimum returns for the resources employed;

Promote the development of indigenous technology and adaptation and innovation of suitable imported technology, and in this regard, undertake technology development up to the commercial stage, preferably in joint venture with the private sector or with public agencies;

Undertake design and engineering work to complement its research and development functions;

e Promote, assist and where appropriate undertake the transfer of the results of scientific and technological research and development, to their end-users;

Promote, assist and where appropriate undertake technological services needed by agriculture, industry, transport, and the general public;

Develop and maintain an information system and databank on science and technology for use by both the public and private sectors

Develop and implement, together with other entities concerned, programs for strengthening scientific and technological capabilities in the relevant disciplines through manpower training, and through infrastructure and institution building and rationalization, in both the public and private sectors;

Promote public consciousness in science and technology;

j Undertake policy research, technology assessment studies, feasibility studies and technical studies.

SEC. 6. Structural Organization. The Authority, comprising the Offices of the Director-General, and Deputy and Assistant Directors-General, shall consist of the Services, Inter-Council Review Board, Sectoral Planning Councils, Institutes and Regional Offices.

SEC. 7. Director-General. The authority and responsibility for the exercise of the mandate of the Authority and for the discharge of its powers and functions shall be vested in a Director-General, and shall be appointed by the President and shall have supervision and control of the Authority, except the Inter-Council Review Board and the Sectoral Planning Councils, over which he shall exercise supervision only.

SEC. 8. Office of the Director-General. The Office of the Director-General shall consist of the Director-General and his immediate staff.

SEC. 9. Deputy Directors-General. The Director-General shall be assisted by three (3) Deputy Directors-General appointed by the President upon the recommendation of the Director-General, one for research and development, one for regional operations and one for scientific and technical services. The Deputy Directors-General shall have supervision over the Institute under their respective functional areas of responsibility.

SEC. 10. Assistant Directors-General. The Director-General shall also be assisted by three (3) Assistant Directors-General, who shall be appointed by the President upon the recommendation of the Director-General.

SEC. 11. Services. The Services of the Authority shall consist of the following:

Planning and Evaluation Service, which shall be responsible for providing the Authority with efficient and effective services relating to planning, programs and project monitoring and development;

Financial and Management Service, which shall be responsible for providing the Authority with efficient and effective staff advice and assistance on budgetary, financial, and management improvement matters;

[c Administrative and Legal Service, which shall be responsible for providing the Authority with efficient and effective services relating to personnel, information, records, supplies, equipment collection, disbursement, security and custodial work, and all legal matters.

SEC. 12. Inter-Council Review Board. There is hereby created an Inter-Council Review Board, composed of the Ministers or their designated Deputy Ministers who are members of the sectoral planning councils under the following Sections 13, 14, 15, 16, 17 and 18, and shall be chaired by the Director-General of Science and Technology.

The main function of the Board shall be to review the plans of the sectoral planning councils and the National Science and Technology Plan and, in connection therewith, shall be assisted by the Planning and Evaluation Service.

SEC. 13. Sectoral Planning Councils. There shall be five (5) sectoral planning councils as follows

[a Philippine Council for Industry and Energy Research and Development for industry and energy and mineral resources;

Philippine Council for Health Research and Development, for health;

Philippine Council for Agriculture, Forestry and Natural Resources Research and Development, for agriculture and forestry resources;

d] Philippine Council for Aquatic and Marine Research and Development, for aquatic and marine resources;

e] Philippine Council for Advanced Science and Technology Research and Development, for advanced science and technology.

Each of the councils shall be responsible, in their respective sectors, for the formulation of strategies, policies, plans, programs and projects for science and technology development; for programming and allocation of government and external funds for research and development; for monitoring of research and development projects; and for the generation of external funds.

Each council shall have a secretariat which shall be headed by an Executive Director who shall be appointed by the President upon the recommendation of the Director-General.

SEC. 14. Philippine Council for Industry and Energy Research and Development. The Philippine Council for Industry and Energy Research and Development, presently existing, is hereby reorganized, which shall be under the administrative supervision of the Authority, and shall consist of the Director-General as Chairman and eight (8) members, as follows: Minister of Trade and Industry, Minister or Transportation and Communications, Minister of Public Works and Highways or their designated Deputy Ministers, and Executive Director of the Council Secretariat, and four (4) representatives of

the private sector in the field of industry and energy, who are chief executive officers of their respective companies in the field of industry or energy or are acknowledged leaders in their professions to be appointed by the President, in their personal capacity, upon recommendation of the Director-General, each of whom shall be for a term of two (2) years; provided, however, that the tenure of the members first appointed by the President shall be as follows: two (2) for one (1) year and two (2) for two (2) years, as fixed in their respective appointments. The members shall serve and continue to hold office until their respective successors shall have been duly appointed and qualified. Appointment to any vacancy in the Council shall be by the President and shall only be for the unexpired portion of the term of the predecessor.

SEC. 15. Philippine Council for Agriculture and Forestry Research and Development. The Philippine Council for Agriculture and Forestry Research and Development is hereby created, which shall be under the administrative supervision of the Authority, and shall consist of the Director-General as Chairman and eight (8) members, as follows: Minister of Agriculture and Food, Minister of Natural Resources or their designated Deputy Ministers, Chancellor of the University of the Philippines at Los Banos, Administrator of the National Food Authority and Executive Director of the Council Secretariat and three (3) representatives of the private sector in the fields of agriculture or forestry, who are chief executive officers of their respective companies in the field of agriculture or forestry or are acknowledged leaders in their professions to be appointed by the President, in their personal capacity, upon recommendation of the Director-General, each of whom shall be for a term of two (2) years; provided, however, that the tenure of the members first appointed by the President shall be as follows: one (1) for one (1) year and two (2) and two (2) years, as fixed in their respective appointments. The members shall serve and continue to hold office until their successors shall have been duly appointed and qualified. Appointment to any vacancy in the Council shall be by the President and shall only be for the unexpired portion of the term of the predecessor.

SEC. 16. Philippine Council for Health Research and Development. The Philippine Council for Health Research and Development, presently existing, is hereby reorganized which shall be under the administrative supervision of the Authority, and shall consist of the Director-General as Chairman and eight (8) members, as follows: Minister of Health or his designated Deputy Minister, Chancellor of the University of the Philippines Health Services Center, Executive Director of the National Nutrition Council, Executive Director of the Council Secretariat and four (4) representatives of the private sector in the field of health, who are chief executive officers of their respective companies in the field of health or are acknowledged leaders in their professions to be appointed by the President, in their personal capacity, upon recommendation of the Director-General, each of whom shall be for a term of two (2) years; provided, however, that the tenure of the members first appointed by the President shall be as follows: two (2) for one (1) year and two (2) for two (2) years, as fixed in their respective appointments. The members shall serve and continue to hold office until their successors shall have been duly appointed and qualified. Appointment to any vacancy in the Council shall be by the President and shall only be for the unexpired portion of the term of the predecessor.

SEC. 17. Philippine Council for Aquatic and Marine Research and Development. The Philippine Council for Aquatic and Marine Research and Development is hereby created, which shall be under the administrative supervision of the Authority, and shall consist of the Director-General as Chairman, and eight (8) members as follows: Minister of Agriculture and Food, Minister of Natural Resources or their designated Deputy Ministers, Executive Director of the Council Secretariat, two (2) representatives from the academic/research institution and three (3) representatives from the private sector who are chief executive officers of their respective companies in the field of aquaculture or marine research or

development or are acknowledged leaders of their professions to be appointed by the President, in their personal capacity, upon the recommendation of the Director-General, each of whom shall be for a term of two (2) years; provided, however, that the terms of the members first appointed by the President shall be as follows: two (2) for one (1) year and the other three (3) for two (2) years, as fixed in their respective appointments. The members shall serve and continue to hold office until their successors shall have been duly appointed and qualified. Appointment to any vacancy in the Council shall be by the President and shall only be for the unexpired portion of the term of the predecessor.

SEC. 18. Philippine Council for Advanced Science and Technology Research and Development. The Philippine Council for Advanced Science and Technology Research and Development is hereby created, which shall be under the administrative supervision of the Authority and shall consist of the Director-General as Chairman and eight (8) members, as follows: Minister of Education, Culture and Sports or his designated Deputy Minister, President of the University of the Philippines System; two (2) representatives from the government sector; and four (4) representatives from the private sector in the field of advanced science research, all of whom shall be appointed by the President, in their personal capacity, upon recommendation of the Director-General, each of whom shall be for a term of two (2) years.

SEC. 19. Institutes. The Institutes of the Authority are the following, which shall be line in character: Industrial Technology Development Institute; Philippine Nuclear Research Institute; Food and Nutrition Research Institute; Forest Products Research and Development Institute; Philippine Textile Research Institute; Advanced Science and Technology Institute; Science Education Institute; Science and Technology Information Institute; and Technology Application and Promotion Institute.

SEC. 20. Industrial Technology Development Institute. There is hereby created the Industrial Technology Development Institute, which shall have the following functions:

> Undertake applied research and development to develop technologies and technological innovations in the field of industrial manufacturing, mineral processing and energy;
> Undertake the transfer of research results directly to end-users or preferably via linkage units of other government agencies;
> Undertake technical services, such as but not limited to, standards, analytical and calibration services mandated by law or as needed by industry;
> Conduct training and provide technical advisory and consultancy services to industry clientele and end-users.

The Institute shall be headed by a Director, who shall be appointed by the President upon the recommendation of the Director-General and shall be assisted by one or more Deputy Directors, as may be necessary. The Institute shall have the following divisions:

[1] Chemicals and Minerals Division;
[2] Food Processing Division;
[3] Fuels and Energy Division;
[4] Material Science Division;
[5] Microbiology and Genetics Division;
[6] Electronics and Process Control Division;
[7] Environmental Division;
[8] Rural Technology Division;

[9] Economics Division;
[10] Standards and Testing Division.

SEC. 21. Philippine Nuclear Research Institute. The Philippine Nuclear Research Institute, formerly the Philippine Atomic Energy Commission, is hereby reorganized and shall have the following functions:

[a] Conduct research and development on the application of radiation and nuclear materials, processes and techniques in agriculture, food, health, nutrition and medicine and in industrial or commercial enterprises;
Undertake the transfer of research results to end-users, including technical extension and training services;
Operate and maintain nuclear research reactors and other radiation facilities;
License and regulate activities relative to production, transfer, and utilization of nuclear and radioactive substances.

The Institute shall be headed by a Director, who shall be appointed by the President upon the recommendation of the Director-General and shall be assisted by one or more Deputy Directors, as may be necessary. The Institute shall have the following divisions:

[1] Atomic Research Division;
[2] Nuclear Services and Training Division
[3] Nuclear Regulations, Licensing, and Safeguards Division.

SEC. 22. Food Nutrition Research Institute. The Food Nutrition Research Institute, presently existing, is hereby reorganized and shall have the following functions:

[a] Undertake research that defines the citizenry's nutritional status, with reference particularly to the malnutrition problem, its causes and effects, and identify alternative solutions to them;
b] Develop and recommend policy options, strategies, programs and projects, which address the malnutrition problem for implementation by the appropriate agencies;
[c] Disseminate research findings and recommendations to the relevant end-users.

The Institute shall be headed by a Director, who shall be appointed by the President upon the recommendation of the Director-General and shall be assisted by one or more Deputy Directors, as may be necessary. The Institute shall have the following divisions:

[1] Nutrition Standard and Management Division;
[2] Bio-Medical Nutrition Division;
[3] Nutrition Intervention Modelling and Assessment Division;
[4] Communication and Dissemination Services Division.

SEC. 23. Forest Products Research and Development Institute. The Forest Products Research and Development Institute, presently existing, is hereby reorganized and shall have the following functions:

a Conduct applied research and development in secondary and tertiary processing for the forest-based industry to generate information and technology which can improve the utility value of wood and other forest products;
Undertake the transfer of completed researches directly to the end-users or via linkage units of other government agencies;
Undertake technical services and provide training programs

The Institute shall be headed by a Director, who shall be appointed by the President upon the recommendation of the Director-General, and shall be assisted by one or more Deputy Directors, as may be necessary. The Institute shall have the following divisions:

1] Housing Materials Division;
2] Furniture, Wares and Packaging Division;
3] Paper and Chemical Products Division.

SEC. 24. Philippine Textile Research Institute. The Philippine Textile Research Institute, presently existing, is hereby reorganized and shall have the following functions:

a Conduct applied research and development for the textile industry sector;
b Undertake the transfer of completed researches to end-users or via linkage units of other government agencies;
[c Undertake technical services and provide training programs.

The Institute shall be headed by a Director, who shall be appointed by the President upon recommendation of the Director-General and shall be assisted by one or more Deputy Directors, as may be necessary, and shall have the following divisions:

1] Research and Development Division;
2] Technical Services Division.

SEC. 25. Advanced Science and Technology Institute. There is hereby created the Advanced Science and Technology Institute, which shall have the following functions:

Undertake long-term researches to strengthen and modernize science and technology infrastructure;
b] Conduct research and development work in the advanced fields of studies including biotechnology and microelectronics;
[c Complement the overall endeavour in the scientific field with intensive activities in the computer and information technologies.

The Institute shall be headed by a Director, who shall be appointed by the President upon the recommendation of the Director-General and shall be assisted by one or more Deputy Directors, as may be necessary.

SEC. 26. Science Education Institute. There is hereby created the Science Education Institute, which shall have the following functions:

Undertake science education and training;
[b] Administer scholarships, awards and grants;
[c] Undertake science and technology manpower development;
[d Formulate plans and establish programs and projects for the promotion and development of science and technology education and training in coordination with the Ministry of Education, Culture and Sports, and other institutions of learning in the field of science and technology.

The Institute shall be headed by a Director, who shall be appointed by the President upon the recommendation of the Director-General and shall be assisted by one or more Deputy Directors, as may be necessary. The Institute shall have the following divisions:

1] Scholarship and Training Division;
2] Science and Technology Manpower Assessment Division; and
3] Science and Technology Education Division.

SEC. 27. Science and Technology Information Institute. There is hereby created the Science and Technology Information Institute which shall have the following functions:

Establish a science and technology databank and library;
Disseminate science and technology information; and
Undertake training on science and technology information.

The Institute shall be headed by a Director, who shall be appointed by the President upon the recommendation of the Director-General and shall be assisted by one or more Deputy Directors, as may be necessary.

SEC. 28. Technology Application and Promotion Institute. There is hereby created the Technology Application and Promotion Institute (TAPI) whose primary responsibility is to serve as the implementing arm of the Authority in promoting the commercialization of technologies and in marketing the services of the other operating units in the Authority; for such purpose it shall have the following functions:

Undertake contract research, particularly at the pilot plant and semi-commercial stage;
[b] Provide technical consultancy including engineering design services, patenting and licensing services;
Provide grants and/or venture-financing for new and/or emerging projects.

The Institute shall be headed by a Director who shall be appointed by the President upon the recommendation of the Director-General and shall be assisted by one or more Deputy Directors as may be necessary.

SEC. 29. Philippine Atmospheric, Geophysical and Astronomical Services Administration. The Philippine Atmospheric, Geophysical and Astronomical Services Administration, presently existing, is hereby reorganized and shall have the following functions:

[a Maintain a nationwide network pertaining to observation and forecasting of weather and other climatological conditions affecting national safety, welfare and economy;

b Undertake activities relative to observation, collection, assessment and processing of atmospheric and allied data for the benefit of agriculture, commerce and industry;
[c Engage in studies of geophysical and astronomical phenomena essential to the safety and welfare of the people;
d Undertake researches on the structure, development and motion of typhoons and formulate measures for their moderation; and
Maintain effective linkages with scientific organizations here and abroad, and promote exchange of scientific information and cooperation among personnel engaged in atmospheric, geophysical and astronomical studies.

The Institute shall be headed by a Director who shall be appointed by the President upon recommendation of the Director-General and shall be assisted by one or more Deputy Directors as may be necessary.

SEC. 30. Philippine Institute of Volcanology and Seismology. The Philippine Institute of Volcanology and Seismology, presently existing, is hereby reorganized and shall have the following functions:

Predict the occurrences of volcanic eruptions and earthquakes and their geotectonic phenomena;
b Determine how eruptions and earthquakes shall occur and, also likely areas to be affected;
Exploit the positive aspects of volcanoes and volcanic terrain in furtherance of the socio-economic development efforts of the government;
[d] Generate sufficient data for forecasting volcanic eruptions and earthquakes;
Formulate appropriate disaster-preparedness plans; and
Mitigate hazards of volcanic activities through appropriate detection, forecast, and warning systems.

The Institute shall be headed by a Director who shall be appointed by the President upon the recommendation of the Director-General and shall be assisted by one or more Deputy Directors as may be necessary.

SEC. 31. Regional Offices. The Authority is hereby authorized to establish, operate and maintain a Regional Office, whenever appropriate, in each of the administrative regions of the country, to be headed by a Regional Director who shall report to, and subject to the supervision of, the Deputy Director-General for Regional Operations. A Regional Office shall have, within its administrative region, the following functions:

a Implement laws, rules, regulations, policies, plans, programs and projects of the Authority;
b] Provide efficient and effective service to the people;
c Coordinate with regional offices of other ministries, offices and agencies in the administrative region;
[d] Coordinate with local government units; and
[e] Perform such other functions as may be provided by law.

SEC. 32. Authority Offices in Other Countries. The Authority may also have such offices and representatives in other countries in places where its presence is considered necessary, subject to the approval of the President for each of them.

SEC. 33. Attached Agencies. The following agencies shall be attached to the Authority:

Philippine National Science Society, [formerly National Research Council of the Philippines], in connection with Section 35 [b] hereof;

b National Academy of Science and Technology; and
Philippine Science High School

SEC. 34. Transfer of Agencies to the Authority. The following agencies are hereby transferred as follows:

a The Metals Industry Research and Development Center from the Ministry of Trade and Industry, to the Authority, as a separate unit and attached thereto; provided, however, it is subject to a memorandum of agreement which defines: the relationship between the Ministry of Trade and Industry and the Metals Industry Research and Development Center and the manner by which equipment and resources are accessed. The investment and trade promotion aspects are recognized to be functions of the Ministry of Trade and Industry in cooperation with the National Science and Technology Authority.
The Philippine Textile Research Institute from the Ministry of Trade and Industry, to the Authority as a separate unit and attached thereto; provided, however, it is subject to a memorandum of agreement which defines: the relationship between the Ministry of Trade and Industry and the Philippine Textile Research Institute and the manner by which equipment and resources are accessed. The investment and trade promotion aspects are recognized to be functions of the Ministry of Trade and Industry in cooperation with the National Science and Technology Authority.

Subsections a], and b] shall be in accordance with Section 36 [e
SEC. 35. Abolition of Agencies. The following agencies are hereby abolished:

Philippine Council for Agriculture and Resources Research and Development; provided that its appropriations, funds, records, equipment, facilities, choses in actions, rights, other assets and personnel as may be necessary shall be transferred to the Philippine Council for Agriculture and Forestry Research and Development; its liabilities, if any, shall be treated in accordance with the Government Auditing Code and other pertinent laws, rules and regulations; its personnel shall, in a hold-over capacity, continue to perform their duties and responsibilities and receive the corresponding salaries and benefits unless in the meantime they are separated from the service pursuant to Executive Order No. 17 (1986) or Article III of the Freedom Constitution; its personnel, whose positions are not included in the Authority's new position structure and staffing pattern approved and prescribed by the Director-General under Section 37 hereof or who are not reappointed, shall be deemed separated from the service and shall be entitled to the benefits provided in the second paragraph of the same Section 37;
National Research Council of the Philippines; provided that what is being abolished herein is the Council as created under Executive Order No. 784;
Philippine Invention Development Institute; provided that its appropriations, funds, records, equipment, facilities, choses in action, rights, other assets, personnel as may be necessary and liabilities, if any, shall be transferred to the Technology Application and Promotion Institute (TAPI) in accordance with the provisions of the foregoing Subsection [a];

Science Promotion Institute; provided, that its appropriations, funds, records, equipment, facilities, choses in action, rights, other assets, personnel as may be necessary and liabilities, if any, shall be transferred to the Science and Technology Information Institute (STII) and the Science Education Institute (SEI) in accordance with the provision of the foregoing Subsection [a];

National Institute of Science and Technology; provided, that its appropriations, funds, records, equipment, facilities, choses in action, rights, other assets, personnel as may be necessary and liabilities, if any, shall be transferred to the Industrial Technology Development Institute in accordance with the provisions of the foregoing Subsection [a];

[f Materials Science Research Institute; provided, that its appropriations, funds, records, equipment, facilities, choses in action, rights, other assets, personnel as may be necessary and liabilities, if any, shall be transferred to the Industrial Technology Development Institute in accordance with the provisions of the foregoing Subsection [a];

[g] Special Projects Service; provided, that its appropriations, funds, records, equipment, facilities, choses in action, rights, other assets, personnel as may be necessary and liabilities, if any, shall be transferred to the Planning and Evaluation Service in accordance with the provision of the foregoing Subsection [a].

The abolitions under Subsections b], c], d and g shall be in accordance with Section 36 [d] hereof.

SEC. 36. Transitory Provisions. In accomplishing the acts of reorganization herein prescribed, the following transitory provisions shall be complied with, unless otherwise provided elsewhere in this Executive Order:

[a The transfer of a government unit shall include the functions, appropriations, funds, records, equipment, facilities, choses in action, rights, other assets and liabilities, if any, of the transferred unit as well as the personnel thereof; as may be necessary, who shall, in a hold-over capacity, continue to perform their respective duties and responsibilities and receive the corresponding salaries and benefits unless in the meantime they are separated from government service pursuant to Executive Order No. 17 (1986) or Article III of the Freedom Constitution. Those personnel of the transferred unit whose positions are not included in the new position structure and staffing pattern approved and prescribed by the Director-General or who are not reappointed shall be deemed separated from the service and shall be entitled to the benefits provided in the second paragraph of Section 37 hereof;

The transfer of functions which results in the abolition of the government unit that has exercised them shall include the appropriations, funds, records, equipment, facilities, choses in action, rights, other assets and personnel as may be necessary to the proper discharge of the transferred functions. The abolished unit's remaining appropriations and funds, if any, shall revert to the General Fund and its remaining assets, if any, shall be allocated to such appropriate units as the Director-General shall determine or shall otherwise be disposed in accordance with the Auditing Code and other pertinent laws, rules and regulations. Its liabilities, if any, shall likewise be treated in accordance with the Auditing Code and other pertinent laws, rules and regulations. Its personnel shall, in a hold-over capacity, continue to perform their duties and responsibilities and receive the corresponding salaries and benefits unless in the meantime they are separated from the service pursuant to Executive Order No. 17 (1986) or Article III of the Freedom Constitution. Its personnel, whose positions are not included in the Authority's new position structure and staffing pattern approved and

prescribed by the Director-General under Section 37 hereof or who are not reappointed, shall be deemed separated from the service and shall be entitled to the benefits provided in the second paragraph of the same Section 37.

[c] The transfer of functions which does not result in the abolition of the government unit that has exercised them shall include the appropriations, funds, records, equipment, facilities, choses in action, rights, other assets and personnel as may be necessary to the proper discharge of the transferred functions. The liabilities, if any, that may have been incurred in connection with the discharge of the transferred functions, shall be treated in accordance with the Auditing Code and other pertinent laws, rules and regulations. Such personnel shall, in a hold-over capacity, continue to perform their respective duties and responsibilities and receive the corresponding salaries and benefits unless in the meantime they are separated from the service pursuant to Executive Order No. 17 (1986) or Article III of the Freedom Constitution. Any personnel, whose position is not included in the new position structure and staffing pattern approved and prescribed by the Director-General under Section 37 hereof or who has not been reappointed, shall be deemed separated from the service and shall be entitled to the benefits provided in the second paragraph of the same Section 37.

d In case of the abolition of a government unit which does not result in the transfer of its functions to another unit, the appropriations and funds of the abolished unit shall revert to the General Fund, while the records, equipment, facilities, choses in action, rights, and other assets, thereof shall be allocated to such appropriate units as the Director-General shall determine. The liabilities of the abolished unit shall be treated in accordance with the Auditing Code and other pertinent laws, rules and regulations, while the personnel thereof, whose position is not included in the Authority's new position structure and staffing pattern approved and prescribed by the Director-General under Section 37 hereof or who has not been reappointed, shall be deemed separated from the service and shall be entitled to the benefits provided in the second paragraph of the same Section 37.

[e] In case of merger or consolidation of government units, the new or surviving unit shall exercise the functions (subject to the reorganization herein prescribed and the laws, rules and regulations pertinent to the exercise of such functions) and shall acquire the appropriations, funds, records, equipment, facilities, choses in action, rights, other assets, liabilities if any, and personnel, as may be necessary, of [1] the units that compose the merged unit or [2] the absorbed unit, as the case may be. Such personnel shall, in a hold-over capacity, continue to perform their respective duties and responsibilities and receive the corresponding salaries and benefits unless in the meantime they are separated from the service pursuant to Executive Order No. 17 (1986) or Article III of the Freedom Constitution. Any such personnel, whose position is not included in the Authority's new position structure and staffing pattern approved and prescribed by the Director-General under Section 37 hereof or who is not reappointed, shall be deemed separated from the service and shall be entitled to the benefits provided in the second paragraph of the same Section 37.

[f In case of termination of a function which does not result in the abolition of the government unit which has performed such function, the appropriations and funds intended to finance the discharge of such function shall revert to the General Fund, while the records, equipment, facilities, choses in action, rights and other assets used in connection with the discharge of such function shall be allocated to the appropriate units as the Director-General shall determine or shall otherwise be disposed in accordance with the Government Auditing Code and other pertinent laws, rules and regulations. The liabilities, if any, that may have been incurred in

connection with the discharge of such function shall likewise be treated in accordance with the Government Auditing Code and other pertinent laws, rules and regulations. The personnel who have performed such function, whose positions are not included in the new position structure and staffing pattern approved and prescribed by the Director-General under Section 37 hereof or who have not been reappointed, shall be deemed separated from the service and shall be entitled to the benefits provided in the second paragraph of the same Section 37.

SEC. 37. New Structure and Pattern. Upon approval of this Executive Order, the officers and employees of the National Science and Technology Authority shall, in a hold-over capacity, continue to perform their respective duties and responsibilities and receive the corresponding salaries and benefits unless in the meantime they are separated from government service pursuant to Executive Order No. 17 (1986) or Article III of the Freedom Constitution.

The new position structure and staffing pattern of the Authority shall be approved and prescribed by the Director-General within one hundred twenty (120) days from the approval of this Executive Order and the authorized positions created thereunder shall be filled with regular appointments by him or by the President, as the case may be. Those incumbents whose positions are not included therein or who are not reappointed shall be deemed separated from the service. Those separated from the service shall receive the retirement benefits to which they may be entitled under existing laws, rules and regulations. Otherwise, they shall be paid the equivalent of one-month basic salary for every year of service, or fraction thereof, computed on the basis of the highest salary received, but in no case shall such payment exceed the equivalent of 12 months salary.

No court or administrative body shall issue any writ or preliminary injunction or restraining order to enjoin the separation/replacement of any officer or employee affected under this Executive Order.

SEC. 38. Periodic Performance Evaluation. The Director-General is hereby required to formulate and enforce a system of measuring and evaluating periodically and objectively the performance of the Authority and submit the same annually to the President.

39. Notice or Consent Requirement. If any reorganizational change herein authorized is of such substance or materiality as to prejudice third persons with rights recognized by law or contract such that notice to or consent of creditors is required to be made or obtained pursuant to any agreement entered into with any of such creditors, such notice or consent requirement shall be complied with prior to the implementation of such reorganizational change.

SEC. 40. Change of Nomenclature. In the event of the adoption of a new Constitution which provides for a presidential form of government, the Authority shall be called Department of Science and Technology and the titles of Director-General, Deputy Director-General, and Assistant Director-General shall be changed to Secretary, Undersecretary and Assistant Secretary, respectively.

SEC. 41. Prohibition Against Change. No change in the reorganization herein prescribed shall be valid except upon prior approval of the President for the purpose of promoting efficiency and effectiveness in the delivery of public services.

SEC. 42. Funding. Funds needed to carry out the provision of this Executive Order shall be taken from funds available in the Authority

SEC. 43. Implementing Authority of Director-General. The Director-General shall issue such rules, regulations and other issuances as may be necessary to ensure the effective implementation of the provisions of this Executive Order

SEC. 44. Separability. Any portion or provision of this Executive Order that may be declared unconstitutional shall not have the effect of nullifying other portions or provisions hereof as long as such remaining portions or provisions can still subsist and be given effect in their entirety.

SEC. 45. Repealing Clause. All laws, ordinances, rules and regulations, other issuances or parts thereof, which are inconsistent with this Executive Order, are hereby repealed or modified accordingly.

SEC. 46. Effectivity. This Executive Order shall take effect immediately upon its approval.

APPROVED in the City of Manila, Philippines, this 30th day of January, in the Year of Our Lord, Nineteen Hundred and Eighty-seven.

(Sgd.) **CORAZON C. AQUINO**

By the President:
(Sgd.) **JOKER P. ARROYO**
Executive Secretary

Source: **Presidential Management Staff**

Office of the President of the Philippines. (1987). *[Executive Order Nos.: 1 - 170]*. Manila: Presidential Management Staff.

OFFICE OF THE PRESIDENT
OF THE PHILIPPINES
MALACAÑANG

EXECUTIVE ORDER NO. 129
REORGANIZING THE MINISTRY OF AGRARIAN REFORM AND FOR OTHER PURPOSES

RECALLING that the reorganization of the government is mandated expressly in Article II, Section I (a), and Article III of the Freedom Constitution;

HAVING IN MIND that, pursuant to Executive Order no. 5 (1986), it is directed that necessary and proper changes in the organizational and functional structures of the government, its agencies and instrumentalities, be effected in order to promote efficiency and effectiveness in the delivery of public services;

TAKING NOTE that the agricultural sector of the Philippine economy has been the prime mover of economic growth;

CONVINCED that the agrarian sector, in its present state, requires a thoroughgoing transformation in order to be more effective in fulfilling its primary role in sustained national development;

CONSIDERING that an expanded and comprehensive agrarian reform program is viewed by the new government as the main strategy for democratizing ownership and control of all agricultural lands;

AFFIRMING that in order to ensure the effective implementation of this comprehensive agrarian reform program, there is an urgent need to expand the functions and strengthen the machinery of the Ministry of Agrarian Reform;

NOW, THEREFORE, I, CORAZON C. AQUINO, President of the Philippines, by virtue of the powers vested in me by the sovereign will of the Filipino people and the Freedom Constitution, do hereby order:

SECTION 1. Title. This Executive Order shall otherwise be known as the Reorganization Act of the Ministry of Agrarian Reform.

SEC. 2. Reorganization. The Ministry of Agrarian Reform hereinafter, referred to as Ministry, is hereby reorganized, organizationally and functionally, in accordance with the provisions of this Executive Order.

SEC. 3. Declaration of Policy. It is the declared policy of the State to completely abolished all remnants of feudalism and all other types of unjust tenurial arrangements, implement a comprehensive agrarian reform program, increase the productivity of the direct producers, and strengthen the agricultural base for increased industrialization.

Pursuant to this policy, the State shall:

(a) Establish owner-cultivated, economic, family-size farms and collectively-owned/cooperatively-cultivated farms as the foundation of Philippine agriculture;
(b) Prohibit absentee land ownership;
(c) Rechannel and divert landlord capital in agriculture to industrial development;
(d) Assist in the preservation and conservation of prime lands for agricultural purposes;

(e) Encourage the establishments and protect the autonomy and independence of institutions of farmers and farmworkers that will safeguard their interests and ensure their dignified existence, free from pernicious restraints and practices;
(f) Create just and viable socio-economic structures in agriculture conducive to greater productivity and higher incomes through the cooperative system of production, processing, marketing, distribution, and credit services;
(g) Accelerate the agrarian reform program and develop agrarian communities for full utilization of land and for human growth and development;
(h) Institutionalize partnerships between government and organizations of farmers and farmworkers in agrarian reform policy formulation, program implementation and evaluation;
(i) Provide specific investment opportunities, alternative employment, and other incentives for landowners affected by agrarian reform;
(j) Ensure adequate funding support for the agrarian reform program as well as timely, affordable, and appropriate financing schemes to its beneficiaries;
(k) Implement an agricultural land tax scheme that will prevent land hoarding and/or speculation.

SEC. 4. Mandate. The Ministry shall be responsible for implementing the new agrarian reform program and, for such purpose, it is authorized to:

(a) Acquire, determine the value of, subdivided into family-size farms or organize into collective or cooperative farms and develop private agricultural lands for distribution to qualified tillers, actual occupants, and displaced urban poor;
(b) Administer and dispose of all cultivable portions of the public domain proclaimed/reserved as resettlement areas for agricultural purposes by the President;
(c) Acquire, by purchase or grant, real estate properties suited for agriculture that have been foreclosed by the national government;
(d) Undertake land consolidation, land reclamation, land forming, and conservation in areas subject to agrarian reform;
(e) Compensate the landowners covered by agrarian reform;
(f) Issue emancipation patents to farmers and farmworkers who have been given lands under the agrarian reform program as may be provided for by law;
(g) Provide free legal services to agrarian reform beneficiaries and resolve agrarian conflicts and land tenure problems;
(h) Develop and implement alternative land tenure systems such as cooperative farming and agro-industrial estates, among others;
(i) Undertake extensive information and education programs on agrarian reform among the beneficiaries, the government sector, and the general public;
(j) Undertake land use management and land development studies and projects in agrarian reform areas;
(k) Approve or disapprove the conversion, restructuring or readjustment of agricultural lands into non-agricultural uses;
(l) Monitor and evaluate the progress of agrarian reform implementation;
(m) Assist the Office of the Government General Counsel (Office of the Solicitor General) in providing evidence for the reversion proceedings to be filed with respect to lands of the public domain, occupied by private individuals and their tenants or farm workers which are subject to land reform, and real rights connected therewith which have been acquired in violation

of the Constitution or the public land laws, or through corrupt practices; no transfer or disposition of such lands or real rights shall be allowed until after the lapse of one year from the ratification of the new Constitution;

(n) Submit progress reports to the Office of the President, to Congress, and to the people at the end of each year and at all times make available to the general public information on the current status of its programs.

SEC. 5. Powers and Functions. Pursuant to the mandate of the Ministry, and in order to ensure the successful implementation of the expanded and comprehensive agrarian reform program as envisioned in this Executive Order is hereby authorized to:

(a) Advise the President on the promulgation of executive/administrative orders, other regulative issuances and legislative proposals designed to strengthen agrarian reform and protect the interests of the beneficiaries thereof;
(b) Implement all agrarian laws, and for this purpose, issue subpoena, subpoena duces tecum, writs of execution of its decisions, and other legal processes to ensure successful and expeditious program implementation; the decision or order of the Ministry is immediately executory even if it is appealed, unless enjoined by a restraining order or writ of preliminary injunction, as the case may be, issued by the proper appellate agency or courts;
(c) Establish and promulgate operational policies, rules and regulations and priorities for agrarian reform implementation;
(d) Coordinate program implementation by the Ministry of Agrarian reform, the Land Bank of the Philippines, and other relevant civilian and military government agencies mandated to support the agrarian reform program;
(e) Acquire, administer, distribute, and develop private agricultural lands covered by the agrarian reform program;
(f) Undertake surveys of lands covered by agrarian reform;
(g) Issue emancipation patents to farmers and farm workers covered by agrarian reform for both private and public lands and, when necessary, make administrative corrections of the same;
(h) Provide free legal services to agrarian reform beneficiaries and resolve agrarian conflicts and land-tenure related problems as may be provided for by law;
(i) Promote the organization and development of cooperatives and other associations of agrarian reform beneficiaries;
(j) Conduct continuing education and promotion programs on agrarian reform for beneficiaries, landowners, government personnel, and the general public;
(k) Institutionalize the participation of farmers, farm workers, other beneficiaries, and agrarian reform advocates in agrarian reform policy formulation, program implementation, and evaluation;
(l) Have exclusive authority to approve or disapprove conversion of agricultural lands for residential, commercial, industrial, and other land uses as may be provided for by law;
(m) Call upon any government agency, including the Armed Forces of the Philippines, and non-governmental organizations (NGOs) to extend full support and cooperation to program implementation;
(n) Exercise such other powers and functions as may be provided for by law or assigned by the President, to promote efficiency and effectiveness in the delivery of public services.

SEC. 6. Minister of Agrarian Reform. The authority and responsibility for the exercise of the mandate of the Ministry and for the discharge of its powers and functions shall be vested in the Minister of Agrarian Reform, hereinafter referred to as Minister, who shall have supervision and control over the Ministry and shall be appointed by the President.

SEC. 7. Office of the Minister. The Office of the Minister shall be composed of the Minister and his immediate staff.

SEC. 8. Deputy Ministers. The Minister shall be assisted by four (4) Deputy Ministers, appointed by the President upon the recommendation of the Minister, one for field operations, one for services and one for staff bureaus.

SEC. 9. Assistant Ministers. The Minister shall also be assisted by seven (7) Assistant Ministers, appointed by the President upon the recommendation of the Minister, one to head the research and Planning Office, one to head the Finance and Physical assets Management Office, one to head the Administrative, Personnel and Management Office, one to head the Legal and Public Assistance Office, and one each for the Field Operations Luzon, Visayas, and Mindanao.

SEC. 10. Organizational Structure. The Ministry, in addition to the Ministry Proper comprising the Offices of the Minister, Deputy and Assistant Ministers, and the services, shall consist of its Bureaus, Regional Field Offices, Offices Municipal, Team Offices, and attached agencies.

SEC. 11. Offices of the Ministry The Offices of the Ministry shall be as follows:

(a) The Research and Planning Service, which shall be responsible for coordinating and initiating the development, integration and prioritization of plans, programs, and projects of the Ministry for judicious allocation of resources and effective and efficient implementation by the field units; it shall also be responsible for coordinating or initiating research, monitoring, evaluation and maintaining a statistics center in relation to agrarian reform program implementation;
(b) The Finance and Management Service, which shall be responsible for proper and timely allocation of funds to support approved programs, projects, and activities, the appropriate control and accounting of funds including management improvement and control, and the management of the physical assets of the Ministry;
(c) The Administrative, Personnel and Management Service, which shall be responsible for providing the Ministry with effective, efficient and economical services relating to personnel management, career development, welfare, and administrative services, and management systems;
(d) The Legal and Public Assistance Service, which shall be responsible for the review of contracts and other legal matters, the rendition of legal assistance to ministry personnel and to the public, and the performance of public relations functions.

SEC. 12. Bureaus. The Ministry shall have the following staff bureaus:

(a) The Bureau of Land Acquisition and Distribution, which shall be responsible for the development of policies, plans, programs, standard operating procedures and for providing functional supervision and technical assistance relative to the acquisition and distribution of private agricultural lands covered by the agrarian reform program, including land-tiller-landowner identification, land valuation, and landowners' compensation, transfer of ownership to actual tillers, leasehold arrangements, stewardship, and land transfer actions;

(b) The Bureau of Land Development, which shall be responsible for the development of policies, plans, and programs, and for providing functional and technical assistance relative to land surveys, land use, capability, and classification, engineering services, and land consolidation;
(c) The Bureau of Agrarian Legal Assistance, which shall be responsible for developing guidelines, plans and programs for legal assistance and for providing legal services for agrarian clientele, including developing, maintaining, and coordinating para-legal services for agrarian reform beneficiaries;
(d) The Bureau of Agrarian Reform Information and Education, which shall be responsible for developing and conducting continuing training and education programs for the acquisition of knowledge, and values development of skills and favorable attitudes among beneficiaries and personnel of the Ministry and other agencies, and the increase of awareness, participation, and acceptance of agrarian reform by the public through the dissemination of information and communication materials;
(e) The Bureau of Agrarian Reform Beneficiaries Development, which shall be responsible for the development of plans, programs, and policies, and for providing functional and technical assistance relative to the development of settlement areas into viable agrarian communities; it shall also be responsible for promoting the organization of agrarian reform beneficiaries, liaison with farmer and farm workers organizations to ensure the raising of farm incomes, the promotion of all forms of farm cooperation, the achievement of a dignified existence and the creation of a viable economic structure conducive to greater productivity and higher farm income.

SEC. 13. Regional Field Offices. The Ministry shall have twelve (12) Regional Offices. Each Regional Office shall be headed by a Regional Director to be assisted by 2 Asst. Reg. Dir (1 Oprns., 1 Staff).

The Regional Office shall be responsible for supervising the implementation of laws, policies, plans, programs, projects, rules, and regulations of the Ministry in its administrative region. For such purposes, it shall have the following functions:

(a) Prepare and submit plans and programs for the region on:

(1) Land acquisition and distribution;
(2) Information and education;
(3) Land use management and land development;
(4) Legal and para-legal services; and
(5) Agrarian reform beneficiaries development;

(b) Provide technical assistance to Provincial Offices, Agrarian Reform Teams, and Action Groups in the implementation of approved plans and programs;
(c) Conduct operations research and evaluation of agrarian reforms implementation within the region;
(d) Coordinate with other government and private agencies and farmer and farm workers organizations at the regional level, to carry out programs/projects for the general welfare of agrarian reform beneficiaries;
(e) Maintain an information system in coordination with the established monitoring system;

(f) Review and evaluate reports and other documents submitted by the Provincial and Team Offices, Action Groups, and agrarian reform clientele;
(h) Submit periodic feedback as may be necessary in the service of the Ministry's clientele.

SEC. 14. Provincial Offices. The Ministry shall have Provincial Offices as may be necessary in promoting efficiency and effectiveness in the delivery of public services. Each Provincial Office shall be headed by a Provincial Agrarian Reform Executive Officer.

The Provincial Office shall be responsible for directing and coordinating the operations and activities of the Agrarian Reform Munic. Teams operating within the province and has the following functions:

(a) Set priorities, specific targets, schedules, and deadlines for the execution of approved plans, programs, and projects on:

(1) Land acquisition, distribution, transfer of land ownership to actual tillers, including land-tiller-landowner identification, tenurial security, leasehold arrangements, land surveys, land valuation and landowners' compensation as may be provided for by law;
(2) Continuing information and education programs on agrarian reform;
(3) Encouraging the organization and development of agrarian reform beneficiaries' cooperatives and other associations and institutionalizing farmer-government partnership in agrarian reform policy formulation, program implementation, and evaluation;
(4) Landowners' compensation and rechannelling landowner capital to industrial development;
(5) Development and implementation of alternative land tenure systems such as cooperative farming, cooperative-cultivatorship schemes, and agro-industrial estates, among others;
(6) Land use management;
(7) Compact farming, integrating farming system, sloping agricultural land technology, and other land conservation measures in agrarian reform areas, in coordination with farmer and farm workers organizations;
(8) Provision for legal services to farmers covered by agrarian reform and resolution of agrarian conflicts and land tenure problems;

(b) Provide administration services to the Agrarian Reform Teams and Action Group within the province;
(c) Provide legal services to agrarian reform beneficiaries in cases arising from or connected with agrarian reform disputes, handling of expropriation proceedings, registering cooperatives and reviewing and acting on all matters initially investigated and elevated by Agrarian Reform Teams;
(d) Provide technical assistance to Agrarian Reform Teams and Action Groups in the implementation of approved plans and programs;
(e) Coordinate with government, private agencies, and farmer and farm worker organizations at the provincial level, to carry out programs;
(f) Conduct periodic performance audit survey in collaboration with the regional office and monitor agrarian reform program accomplishments, including operational problems and constraints, and recommend appropriate remedial measures for effective program implementation;
(g) Perform such other functions as may be necessary in the service of the Ministry's clientele.

SEC. 15. Municipal Team. The Ministry shall have as many team offices as necessary to cover several municipalities. Each Team Office is to be headed by a Team Manager and shall be composed of several Action Groups.

The Team Office shall be responsible for directly implementing agrarian reform programs and delivering expected results. For such purpose, it shall have the following functions:

(a) Implement policies and programs on land acquisition and distribution and transfer of landowners to actual tillers, including identification of farms, landowners, and beneficiaries, leasehold arrangements, land valuation, landowner's compensation and transfer actions as determined in accordance with law;
(b) Undertake continuing information and education programs on agrarian reform among the beneficiaries thereof;
(c) Encourage and promote the organization and development of agrarian reform beneficiaries and assist in the registration of organized cooperatives;
(d) Institutionalize beneficiaries' participation in agrarian reform policy formulation and program implementation;
(e) Organize/establish compact farms, land consolidation, integrated farm systems, sloping agricultural land technology and other cooperative-cultivate-cultivatorship schemes;
(f) Provide assistance in agrarian reform research;
(g) Provide assistance to various legal services, including legal information and legal counselling, documentation and preliminary processing of applications for patents and applications to purchase lots, preliminary investigation of conflicting claims of lot boundaries and appraisal of properties, and mediation of different problems arising from tenancy relationships; execution and registration of lease contracts, initial investigation of administrative cases, and other legal services;
(h) Provide assistance on project identification, formulation, and development that would uplift the socio-economic status of the beneficiaries including projects that would channel landlord capital to industrial development;
(i) Coordinate with other government and private agencies and farmer and farm worker organizations within the area of coverage for effective program/project implementation;
(j) Submit periodic reports on program/project accomplishments including identified problems and recommended solutions thereto;
(k) Implement projects supportive of national priority programs which the Ministry is committed to assist;
(l) Perform such other functions as may be assigned from time to time, to promote efficiency and effectiveness in the delivery of public services.

The Action Groups shall include four (4) personnel of the Ministry, two (2) representatives of farmer/farm worker organizations, and one (1) representative of the municipal mayor.

SEC. 16. Foundation. The Foundation for the Agrarian Reform Movement of the Philippines (FARM-Philippines) is hereby created. It shall administer, operate, and manage programs and projects developed by the Bureau of Agrarian Reform Beneficiaries Development within agrarian reform areas and initiate alternative livelihood projects for displaced small landowners. The Foundation will be authorized to raise funds and to contract foreign and domestic loans for its projects. The legal instruments essential in accomplishing the purposes of this Section shall be submitted to the President

and other authorities, as may be proper, within one hundred twenty (120) days from the approval of this Executive Order.

SEC. 17. New Structure and Pattern. Upon the approval of this Executive Order, the officers (the term "officer" as used in this Executive Order is intended to be within the meaning of the term "official," as is used in the Freedom Constitution and the succeeding Constitution) and employees of the Ministry shall, in a hold-over capacity, continue to perform their respective duties and responsibilities and receive the corresponding salaries and benefits unless in the meantime they are separated from the service pursuant to Executive Order No. 17 (1986).

The new position structure and staffing pattern of the Ministry shall be approved and prescribed by the Minister within one hundred twenty (120) days from the approval of this Executive Order and the authorized positions created thereunder shall be filled with regular appointments by him or by the President as the case may be. Those incumbents whose positions are not included therein or who are not reappointed shall be deemed separated from the service. Those separated from the service shall receive the retirement benefits to which they may be entitled under existing laws, rules and regulations. Otherwise, they shall be paid the equivalent of one-month basic salary for every year of service, or the equivalent nearest fraction thereof favorable to them on the basis of highest salary received, but in no case shall such payment exceed the equivalent of 12 months salary.

No court or administrative body shall issue any writ or preliminary injunction or restraining order to enjoin the separation/replacement of any officer or employee effected under this Executive Order.

SEC. 18. Prohibition Against Change. No change in the reorganization herein prescribed shall be valid except upon prior approval of the President for the purpose of promoting efficiency and effectiveness in the delivery of public services.

SEC. 19. Notice or Consent Requirement. If any reorganizational change herein authorized is of such substance or materiality as to prejudice third persons with rights recognized by law or contract such that notice to or consent of creditors is required to be made or obtained pursuant to any agreement entered into with any of such creditors, such notice or consent requirement shall be complied with prior to the implementation of such reorganizational change.

SEC. 20. Change of Nomenclature. In the event of the adoption of a New Constitution which provides for a presidential form of government, the Ministry shall be called Department of Agrarian Reform and the titles of Minister, Deputy Minister and Assistant Minister shall be changed to Secretary, Deputy Secretary and Assistant Secretary, respectively.

SEC. 21. Funding. Funds needed to carry out the provisions of this Executive Order shall be taken from funds available in the Ministry.

SEC. 22. Implementing Authority of Minister. The Minister shall issue such rules, regulations and other issuances as may be necessary to ensure the effective implementation of the provisions of this Executive Order.

SEC. 23. Separability. Any portion or provision of this Executive Order that may be declared unconstitutional shall not have the effect of nullifying other portions or provisions hereof, as long as such remaining portions or provisions can still subsist and be given effect in their entirety.

SEC. 24. Repealing Clause. All other laws, decrees, rules, regulations, other issuances, or parts thereof, which are inconsistent with this Executive Order, are hereby repealed or modified accordingly.

SEC. 25. Effectivity. This Executive Order shall take effect immediately upon its approval.

APPROVED in the City of Manila, Philippines, this 30th day of January, in the year of Our Lord, Nineteen Hundred and Eighty-seven.

(Sgd.) **CORAZON C. AQUINO**

By the President:
(Sgd.) **JOKER P. ARROYO**
Executive Secretary

Source: **Presidential Management Staff**

Office of the President of the Philippines. (1987). *[Executive Order Nos.: 1 - 170]*. Manila: Presidential Management Staff.

OFFICE OF THE PRESIDENT
OF THE PHILIPPINES
MALACAÑANG

EXECUTIVE ORDER NO. 130
REORGANIZING THE PRESIDENTIAL MANAGEMENT STAFF, MERGING AND CONSOLIDATING ALL OFFICES AND AGENCIES WHOSE FUNCTIONS OVERLAP AND/OR ARE INTER-RELATED, DEFINING ITS POWERS AND FUNCTIONS AND FOR OTHER PURPOSES

RECALLING that the reorganization of the government is mandated expressly in Article II, Section 1 (a), and Article III of the Freedom Constitution;

HAVING IN MIND that, pursuant to Executive Order No. 5 (1986), it is directed that necessary and proper changes in the organizational and functional structures of the government, its agencies and its instrumentalities, be effected in order to promote efficiency and effectiveness in the delivery of public services;

REALIZING that the Presidential Management Staff has the primary function of providing the management and technical staff support to the Office of the President in the task of overseeing, coordinating and managing the development process;

COGNIZANT of the importance of a Presidential support office that will undertake policy and program studies and strong technical support for the Office of the President and a development management office that will initiate, catalyze and demonstrate new programs and projects that must be carried out and sustained as regular national programs and projects by the different line ministries and agencies of government;

REALIZING that it is the avowed policy of the new administration to prevent dissipation of public resources by streamlining government operations;

NOW, THEREFORE, I, CORAZON C. AQUINO, President of the Philippines, by virtue of the powers vested in me by the sovereign will of the Filipino People and the Freedom Constitution, do hereby order:

SECTION 1. Title. This Executive Order shall otherwise be known as the Reorganization Act of the Presidential Management Staff.

SECTION 2. Reorganization. The Office of Development Management is hereby abolished and all its pertinent functions together with applicable records, equipment and personnel as may be necessary are hereby transferred to the Presidential Management Staff in accordance to the provisions of this Executive Order.

SECTION 3. Declaration of Policy. It is hereby declared the policy of the government to strengthen the Office of the President structurally and functionally in the performance of its development management functions particularly with regard the analysis, coordination and monitoring of critical national projects and programs. The Office of the President through a high level support staff shall pioneer, initiate, catalyze and/or demonstrate programs and projects which will be carried out and sustained ultimately as regular national programs and projects by line ministries and agencies.

SECTION 4. Mandate. The Presidential Management Staff (PMS) shall be the primary government agency directly responsible to the Office of the President for providing staff assistance in the Presidential exercise of overall management of the development process.

SECTION 5. Powers and Functions. To accomplish its mandate, the PMS shall have the following powers and functions:

(a) Provide technical assistance and advise directly to the President in exercising overall management of the development process;
(b) Analyze and monitor national programs and projects;
(c Formulate and implement development management information systems and programs that will include upgrading and strengthening the Office of the President in terms of computer and communications technology for more effective information management and decision management support;
d Conduct continuing analysis and evaluation of economics, social and political trends;
(e) Conduct studies on methods for the effective and efficient execution of development programs and projects;
(f) Conduct review, analysis and evaluation of proposed and existing policies affecting development;
(g) Provide centralized feedback mechanism on the implementation of national government projects;
(h) Identify bottlenecks in project implementation or problem areas and possible sources of delays, and formulate solutions or corrective measures thereto;
(i) Translate Presidential perspective/insights, policies and plans on development issues into strategic action programs/projects;
(j) Assist in the coordination function for the President with respect to the implementation of the various development programs of the Government;
(k) Implement initial action on critical areas such as, but not limited to, the National Reconciliation and Development Program, where the President wishes to lead in piloting development initiatives that can subsequently be turned over and directly managed by the line ministries;
Provide a direct feedback mechanism to and from the people and the Office of the President;
Exercise direct control and supervision over such organizations, offices, agencies, programs and projects as may be aligned/assigned/transferred to the Office pursuant to the provisions of Administrative Orders Nos. 9 and 10 (January 5, 1987), or as provided in existing or subsequent promulgations, orders and instructions of the President.
Organize and supervise such task forces as may be necessary to respond to instructions from the President;
(o) Formulate, implement, and supervise the government's policies, plans and programs pertaining to the technical support and development management requirements of the President, in accordance with Presidential directives and administrative orders.
(p Exercise management supervision and control over all bureaus, agencies, corporations, centers, councils, committees placed under the control of the former Office of Development Management and such other agencies placed under its supervision and control by the Office of the President;
(q) Establish policies and implement programs for the efficient management and operations of its Office and undertake research and such other management measures of efficiency and economy that will redound to the benefit of the Office and the achievement of its development management objectives;
(r) Exercise such other functions and powers as may be provided by law;

SECTION 6. Structural Organization. The Office shall consist of the Presidential Management Staff proper composed of the Office of the Deputy Executive Secretary and his immediate staff, the Office of the two (2) Assistant Secretaries, and two (2) operations groups:

(a) The Presidential Policy and Management Group;
(b) The Development Monitoring and Management Group.

SECTION 7. The Office of the Deputy Executive Secretary. The Office of the Deputy Executive Secretary shall consist of the Deputy Executive Secretary and his immediate staff. The Deputy Executive Secretary shall be appointed by the President.

SECTION 8. Assistant Secretaries. The Deputy Executive Secretary shall be assisted by two (2) Assistant Secretaries, who shall be appointed by the President upon the recommendation of the Deputy Executive Secretary. The Deputy Executive Secretary is hereby authorized to delineate and assign the respective functional areas of responsibilities of the Two (2) Assistant Secretaries.

SECTION 9. Staff Support. The Office of the Deputy Executive Secretary shall be assisted by five (5) staff support services, namely:

(a) Administrative Service;
(b) Financial Service;
(c) Legal Service;
(d) External Relations Service;
(e) Communication and Information Service.

SECTION 10. The Presidential Policy and Management Group. This Office shall be composed of the existing organization of the Presidential Management Staff and shall be internally reorganized structurally and functionally in accordance with the provisions of this Executive Order by the head of office of the Presidential Management Staff.

SECTION 11. The Development Monitoring and Management Group. This Office shall be created from the existing organization and original offices of the Office of Development Management and shall be internally reorganized structurally and functionally in accordance with this Executive Order by the head of office of the PMS. All regional offices and area coordinators of the existing ODM shall be under this Office.

SECTION 12. Attached Agencies. All agencies formerly attached to the Office of Development Management shall now be attached to the Presidential Management Staff. The PMS shall undertake management studies and prepare recommendations for the proper dispositive actions on these agencies and corporations, for submission to the President. All dispositive actions will require Presidential approval.

SECTION 13. Membership in Councils. The head of the PMS, in the performance of the functions for overseeing government development plans and programs, shall sit as a member of the following councils:

(a) National Reconciliation and Development Council.
(b) Housing and Urban Development Coordinating Council.

SECTION 14. Transitory Provisions. In accomplishing the acts of reorganization herein prescribed, the following transitory provisions shall be complied with, unless otherwise provided elsewhere in this Executive Order:

(a) The transfer of a government unit shall include the functions, appropriations, funds, records, equipment, facilities, choses in action, rights, other assets, and liabilities, if any, of the transferred unit, as well as the personnel thereof, as may be necessary, who shall, in a hold-over capacity, continue to perform respective duties and responsibilities and receive the corresponding salaries and benefits unless in the meantime are separated from government service pursuant to Executive Order No. 17 (1986) or Article III of the Freedom Constitution. Those personnel from the transferred unit whose positions are not included in the Office's new position structure and staffing pattern approved and prescribed by the Deputy Executive Secretary or who are not reappointed shall be deemed separated from the service and shall be entitled to the benefits provided in the second paragraph of Section 15 hereof.

b) The transfer of functions which results in the abolition of the government unit that exercised them shall include the appropriations, funds, records, equipment, facilities, choses in action, rights, other assets and personnel as may be necessary to the proper discharge of the transferred functions. The abolished unit's remaining appropriations and funds, if any, shall revert to the General Fund and its remaining assets, if any, shall be allocated to such appropriate units as the Deputy Executive Secretary shall determine or shall otherwise be disposed in accordance with the Government Auditing Code and other pertinent laws, rules and regulations. Its liabilities, if any, shall likewise be treated in accordance with the Government Auditing Code and other pertinent laws, rules and regulations. Its personnel shall, in a hold-over capacity, continue to perform their duties and responsibilities and receive the corresponding salaries and benefits unless in the meantime they are separated from the service pursuant to Executive Order No. 17 (1986) or Article III of the Freedom Constitution. Its personnel whose positions are not included in the Office's structure and staffing pattern approved and prescribed by the Deputy Executive Secretary under Section 15 hereof or who is not reappointed, shall be deemed separated from the service and shall be entitled to the benefits provided in the second paragraph of the same Section 15.

(c Any transfer of functions which does not result in the abolition of the government unit that has exercised them shall include the appropriations, funds, records, equipment, facilities, choses in action, rights, and assets and personnel as may be necessary to the proper discharge of the transferred functions. The liabilities, if any, that may have been incurred in connection with the discharge of the transferred functions, shall be treated in accordance with the Government Auditing Code and other pertinent laws, rules and regulations. Such personnel shall, in a hold-over capacity, continue to perform their duties and responsibilities and receive the corresponding salaries and benefits unless in the meantime they are separated from the service pursuant to Executive Order No. 17 (1986) or Article III of the Freedom Constitution. Any personnel, whose position is not included in the Office's new position structure and staffing pattern approved and prescribed by the Deputy Executive Secretary under Section 15 hereof or who is not reappointed, shall be deemed separated from the service and shall be entitled to the benefits provided in the second paragraph of the same Section 15.

(d) In case of the abolition of the government unit which does not result in the transfer of its functions to another unit, the appropriations and funds of the abolished entity shall revert to the General Fund, while the records, equipment, facilities, choses in action, rights, and

other assets thereof shall be allocated to such appropriate entities as the Deputy Executive Secretary shall determine or shall otherwise be disposed in accordance with the Government Auditing Code and other pertinent laws, rules and regulations. The liabilities of the abolished units shall be treated in accordance with the Government Auditing Code and other pertinent laws, rules and regulations, while the personnel thereof, whose position, is not included in the Office's new position structure and staffing pattern approved and prescribed by the Deputy Executive Secretary under Section 15 hereof or who has not been reappointed, shall be deemed separated from the service and shall be entitled to the benefits provided in the second paragraph of the same Section 15.

(e) In case of merger or consolidation of government units, the new or surviving unit shall exercise the functions subject to the reorganization herein prescribed and the laws, rules and regulations pertinent to the exercise of such functions, and shall acquire the appropriations, funds, records, equipment, facilities, choses in action, rights, other assets, liabilities, if any, and personnel, as may be necessary, of the units that compose the merged unit shall, in a hold-over capacity, continue to perform their respective duties and responsibilities and receive the corresponding salaries and benefits unless in the meantime they are separated from the service pursuant to Executive Order No. 17 (1986) or Article III of the Freedom Constitution. Any such personnel, whose position is not included in the Office's new position structure and staffing pattern approved and prescribed by the Deputy Executive Secretary under Section 15 hereof or who are not reappointed, shall be deemed separated from the service and shall be entitled to the benefits provided in the second paragraph of the same Section 15.

(f) In case of termination of a function which does not result in the abolition of the government unit which perform such function, the appropriations and funds intended to finance the discharge of such function shall revert to the General Fund while the records, equipment, facilities, choses in action, rights and other assets used in connection with the discharge of such function shall be allocated to the appropriate units as the Office shall determine or shall otherwise be disposed in accordance with the Government Auditing Code and other pertinent laws, rules and regulations. The liabilities, if any, that may have been incurred in connection with the discharge of such function shall likewise be treated in accordance with the Government Auditing Code and other pertinent laws, rules and regulations. The personnel who have performed such function, whose positions are not included in the Office's new position structure and staffing pattern approved and prescribed by the Deputy Executive Secretary under Section 15 hereof or who have not been reappointed, shall be deemed separated from the service and shall be entitled to the benefits provided in the second paragraph of the same Section 15 hereof.

SECTION 15. New Structure and Pattern. Upon approval of this Executive Order, the officers and employees of the Office shall, in a hold-over capacity, continue to perform their respective duties and responsibilities and receive the corresponding salaries and benefits unless in the meantime they are separated from government service pursuant to Executive Order No. 17 (1986) or Article III of the Freedom Constitution.

The new position structure and staffing pattern of the Office shall be approved and prescribed by the Deputy Executive Secretary within one hundred and twenty (120) days from the approval of this Executive Order and the authorized positions created thereunder shall be filled with regular appointments by him or by the President as the case may be. Those incumbents whose positions are not included therein or who are not reappointed shall be deemed separated from the service.

Those separated from the service shall receive the retirement benefits to which they may be entitled under existing laws, rules and regulations. Otherwise, they shall be paid the equivalent of one (1) month basic salary for every year of service in the government, or a fraction thereof, computed on the basis of the highest salary received, but in no case such shall payment exceed the equivalent of twelve (12) months salary.

No court or administrative body shall issue any writ or preliminary injunction or restraining order to enjoin the separation/replacement of any officer or employee effected under this Executive Order.

SECTION 16. Periodic Performance Evaluation. The Office is hereby required to formulate and enforce a system of measuring and evaluating periodically and objectively the performance of the Office and submit the same annually to the President.

SECTION 17. Notice or Consent Requirement. If any reorganizational change herein authorized is of such substance of materiality as to prejudice third persons with rights recognized by law or contract such that notice to or consent of creditors is required to be made or obtained pursuant to any agreement entered into with any of such creditors, such notice or consent requirement shall be complied with prior to the implementation of such reorganizational change.

SECTION 18. Prohibition Against Structural Changes. No change in the reorganization herein prescribed shall be valid except upon prior approval of the President for the purpose of promoting efficiency and effectiveness in the delivery of public services.

SECTION 19. Funding. In addition to the existing appropriations of the Presidential Management Staff, transitional funding to the Presidential Management Staff is hereby authorized in the amount of TWO HUNDRED AND THIRTY-TWO MILLION PESOS (P232,000,000.00) to carry out the provisions of this Executive Order, to be taken from the Compensation and Organizational Adjustment Fund (COAF) of the General Appropriations Act (1987).

SECTION 20. Implementing Authority of the Deputy Executive Secretary. The Deputy Executive Secretary shall issue such orders, rules and regulations and other issuances as may be necessary to ensure the effective implementation of the provisions of this Executive Order.

SECTION 21. Separability. Any portion or provision of this Executive Order that may be declared unconstitutional shall not have the effect of nullifying other portions or provisions hereof as long as such remaining portions or provisions can still subsist and be given effect in their entirety.

SECTION 22. Repealing Clause. All laws, ordinances, rules, regulations and other issuances or parts thereof, which are inconsistent with this Executive Order, are hereby repealed or modified accordingly.

SECTION 23. Effectivity. This Executive Order shall take effect immediately upon its approval.

APPROVED in the City of Manila, Philippines, this 30th day of January, in the Year of Our Lord, Nineteen Hundred and Eighty-Seven.

(Sgd.) **CORAZON C. AQUINO**

By the President:
(Sgd.) **JOKER P. ARROYO**
Executive Secretary

Source: **Presidential Management Staff**

Office of the President of the Philippines. (1987). *[Executive Order Nos.: 1 - 170]*. Manila: Presidential Management Staff.

OFFICE OF THE PRESIDENT
OF THE PHILIPPINES
MALACAÑANG

EXECUTIVE ORDER NO. 131
REORGANIZING THE MINISTRY OF NATURAL RESOURCES AND RENAMING IT AS THE DEPARTMENT OF ENVIRONMENT, ENERGY AND NATURAL RESOURCES ABOLISHING THE MINISTRY OF ENERGY INTEGRATING ALL OFFICES AND AGENCIES WHOSE FUNCTIONS RELATE TO ENERGY AND NATURAL RESOURCES INTO THE MINISTRY DEFINING ITS POWERS AND FUNCTIONS AND FOR OTHER PURPOSES

RECALLING that the reorganization of the government is mandated expressly in Article II, Section 1 (a), and Article III of the Freedom Constitution;

HAVING IN MIND that, pursuant to Executive Order No. 5 (1986), it is directed that necessary and proper changes in the organizational and functional structures of the government, its agencies and its instrumentalities, be effected in order to promote efficiency and effectiveness in the delivery of public services;

REALIZING that the Ministry of Natural Resources must be reorganized and strengthened in order to increase its capacity to carry out powers and functions related to the demands of economic recovery, particularly the administration, management, development, conservation, regulation and proper use of the country's natural resources, for the benefit of all Filipinos;

AFFIRMING that the government needs a line agency for the formulation and supervision of its energy resource development program on a unified and coordinated manner;

COGNIZANT of the important influence of the energy sector in the social and economic life of the country;

TAKING NOTE that the magnitude, complexity and strategic importance of the country's energy requirements, demand an integrated planning and supervision of the country's comprehensive energy program geared toward achieving energy self-reliance and the judicious conservation and efficient utilization of the country's resources.

NOW, THEREFORE, I, CORAZON C. AQUINO, President of the Philippines, by virtue of the powers vested in me by the sovereign will of the Filipino People and the Freedom Constitution, do hereby order:

SECTION 1. Title. This Executive Order shall otherwise be known as the Reorganization Act of the Ministry of Environment, Energy and Natural Resources.

SECTION 2. Reorganization. The Ministry of Natural Resources, is hereby reorganized structurally and functionally in accordance with the provisions of this Executive Order. The Ministry of Energy is hereby abolished and all its pertinent functions together with applicable appropriations, records, equipment and personnel as may be necessary are transferred to the Ministry, now reorganized and renamed the Ministry of Environment, Energy and Natural Resources, hereinafter referred to as the Ministry.

SECTION 3. Declaration of Policy. It is hereby declared the policy of the State to ensure the judicious use, development, management, renewal, and conservation of the country's forest, mineral, land, water including marine waters and other natural resources, including the protection and enhancement of the quality of the environment, and equitable access of the different segments of the population to the development and use of the country's natural resources, not only for the present generation but for future generations as well.

It is also the policy of the state to recognize and apply the importance of energy and natural resources relative to their utilization, development and conservation.

It is further the policy of the state to ensure the continuous, adequate and economic supply of energy with the end in view of ultimately achieving self-reliance in the country's energy requirements, through intensive exploration and development of indigenous energy resources, and through the judicious conservation and efficient utilization of energy consistent with the country's accelerated economic growth objectives.

SECTION 4. Mandate. The Ministry shall be the primary government agency responsible for the conservation, management, development and proper use of the country's energy and natural resources.

Natural resources specifically include but will not be limited to, forest and grazing lands, water, mineral resources, including those in reservation and watershed areas, and lands of the public domain.

Energy resources include but will not be limited to, those from fossil fuels such as petroleum, coal, natural gas and gas liquids, nuclear-fuel resources, geothermal resources, hydroelectric resources, and existing and potential forms of non-conventional energy resources.

The Ministry shall be responsible for the exploration, development, marketing, distribution, storage and efficient utilization as well as the licensing and regulation of all energy and natural resources as may be provided for by law in order to ensure equitable sharing of the benefits derived therefrom for the welfare of the present and future generations of Filipinos.

To accomplish its mandate, the Ministry shall be guided by the following objectives that will serve as basis for policy formulation:

(a) Assure the availability and sustainability of the country's energy and natural resources through judicious use and systematic restoration or replacement, whenever possible;
(b) Increase the productivity of natural resources in order to meet the demands for forest, mineral, land and water resources of a growing population;
(c) Enhance the contribution of energy and natural resources for achieving national economic and social development;
(d) Promote equitable access to natural resources by the different sectors of the population;
(e) Conserve specific terrestrial and marine areas representative of the Philippine natural and cultural heritage for present and future generations.

SECTION 5. Powers and Functions. To accomplish its mandate, the Ministry shall have the following powers and functions:

(a) Advise the President on the promulgation of laws relative to the development, use, regulation, and conservation of the country's energy and natural resources;
(b) Formulate, implement, and supervise the government's policies, plans and programs pertaining to the management, conservation, development, use and replenishment of the country's energy and natural resources;
(c) Encourage, guide and where necessary, regulate business activities relative to the exploration, exploitation, development, extraction, importation, exportation, transport, marketing, distribution and storage of fossil, nuclear, a geothermal, hydroelectric, and non-conventional forms of energy resources and prescribe and collect reasonable fees in the exercise of such powers;
(d) Promulgate rules and regulations in accordance with law governing the exploration, development, conservation, extraction, disposition, use and such other commercial activities tending to cause the depletion and degradation of our natural resources;

(e) Exercise supervision and control over forest lands, alienable and disposable lands, mineral and energy resources and in the process of exercising such control the Ministry shall impose appropriate taxes, fees, charges, rentals and any such form of levy for the use, occupation or exploitation of such resources;
(f) Undertake exploration, assessment, classification and inventory of the country's energy and natural resources using ground surveys, remote sensing and complementary technologies;
(g) Promote proper and mutual consultation with the private sector involving energy and natural resources development, use and conservation;
(h) Issue licenses and permits for activities related to the use and development of aquatic resources, treasure hunting, salvaging of sunken vessels and other similar activities;
(i) Undertake geological surveys of the whole country including its territorial waters;
(j) Establish policies and implement programs for the:

1. Accelerated inventory, surveys and classification of lands, forest, and mineral resources using appropriate technology, to be able to come up with a more accurate assessment of resource quality and quantity;
2. Equitable distribution of natural resources through the judicious administration, regulation, utilization, development and conservation of public lands, forest, water and mineral resources (including mineral reservation areas), that would benefit a greater number of Filipinos;
3. Promotion, development and expansion of natural resource-based industries;
4. Preservation of cultural and natural heritage through wildlife conservation and segregation of national parks and other protected areas;
5. Maintenance of a wholesome natural environment by enforcing environmental protection laws;
6. Encouragement of greater participation and private initiative in natural resource management.

(k) Promulgate rules and regulations necessary to:

1. Accelerate cadastral and emancipation patent surveys, land use planning and public land titling;
2. Harness forest resources in a sustainable manner, to assist rural development, support forest based industries, and provide raw materials to meet increasing demands, at the same time keeping adequate reserves for environmental stability;
3. Expedite mineral resources surveys, promote the production of metallic and non-metallic minerals and encourage mineral marketing; and
4. Assure conservation and judicious and sustainable development of aquatic resources.

(l) Assess, review and provide direction to, in coordination with concerned government agencies, energy research and development programs, including identification of sources of energy and determination of their commercial feasibility for development;
(m) Regulate the development, disposition, extraction, exploration and use of the country's forest, land, water and mineral resources.
(n) Assume responsibility for the assessment, development, protection, licensing and regulation as provided for by law, where applicable, of all energy and natural resources, the regulation

and monitoring of service contractors, licensees, lessees, and permit for the extraction, exploration, development and use of natural resources products; the implementation of programs and measures with the end in view of promoting close collaboration between the government and the private sector; the effective and efficient classification and sub-classification of lands of the public domain; and the enforcement of energy and natural resources and environmental laws, rules and regulations.

(o) Promulgate rules, regulations and guidelines on the issuance of licenses, permits, concessions, lease agreements and such other privileges concerning the development, exploration and utilization of the country's marine, freshwater, and brackish water and overall aquatic resources of the country and shall continue to oversee, supervise and police our natural resources; to cancel or cause to cancel such privileges upon failure, non-compliance or violations of any regulations, orders, and for all other causes which are in furtherance of the conservation of natural resources and supportive of the national interest;

(o) Exercise other powers and functions and perform such other acts as may be necessary, proper or incidental to the attainment of its mandates and objectives.

SECTION 6. Structural Organization. The Ministry consists of the Ministry Proper with five (5) Offices as defined in Section 11 hereof and the following:

(a) Office of Energy and Environment;
(b) Office of Natural Resources;
(c) Office of Field Operations;
(d) Legal and Support Services;
(e) Office of Policy abd Planning;

The staff sectoral bureaus on the other hand, shall be composed of:

(a) Forest Management Bureau;
(b) Land Management Bureau;
(e) Mines and Geo-Sciences Bureau;
(d) Environmental Protection Bureau;
(e) Energy Development Bureau;
(f) Energy Utilization Bureau;

SECTION 7. Minister of Environment Energy and Natural Resources. The authority and responsibility for the exercise of the mandate of the Ministry, the accomplishment of its objectives and the discharge of its powers and functions shall be vested in the Minister of Environment, Energy and Natural Resources, hereinafter referred to as the Minister, who shall be appointed by the President and who shall have supervision and control over the Ministry. For such purposes, the Minister shall have the following functions:

(a) Advise the President on the promulgation of rules, regulations and other issuances relative to the conservation, management, development and proper use of the country's natural resources;

(b) Establish policies and standards for the efficient and effective operations of the Ministry in accordance with the programs of the government;

(c) Promulgate rules, regulations and other issuances necessary in carrying out the Ministry's mandate, objectives, policies, plans, programs and projects;
(d) Exercise supervision and control over all functions and activities of the Ministry;
(e) Delegate authority for the performance of any administrative or substantive function to any Deputy Minister or other officers of rank at the Ministry proper;
(f) Perform other functions as may be provided by law or assigned appropriately by the President.

SECTION 8. Office of the Minister. The Office of the Minister shall consist of the Minister and his immediate staff.

SECTION 9. Deputy Ministers. The Minister shall be assisted by five (5) Deputy Ministers appointed by the President upon the recommendation of the Minister, one to be responsible for Energy and Environment, one for Natural Resources, one for Field Operations, one for Legal and Support Services and one for Policy and Planning. For such purpose, a Deputy Minister shall have the following functions:

(a) Advise the Minister in the promulgation of Ministry orders, administrative orders and other issuances, with respect to his area of responsibility;
(b) Exercise supervision and control over the offices, services, operating units and officers (the term "officers" as used in this Executive Order is intended to be within the meaning of the term "official" as used in the freedom Constitution) and employees under his responsibility;
(c) Promulgate rules and regulation, consistent with Ministry policies, that will efficiently and effectively govern the activities of units under his responsibility;
(d) Coordinate the functions and activities of the units under his responsibility with those of other units under the responsibility of other Deputy Ministers;
(e) Exercise delegated authority on substantive and administrative matters related to the functions and activities of units under his responsibility to the extent granted by the Minister through administrative issuances;
(f) Perform other functions as may be provided by law or assigned appropriately by the Minister.

SECTION 10. Assistant Ministers. The Minister and the Deputy Ministers shall also be assisted by seven (7) Assistant Ministers appointed by the President upon the recommendation of the Minister, responsible for the following: one for Planning and Project Management, one for Foreign Funded and Special Projects, one for Luzon field office, one for Visayas field office, one for Mindanao field office, one for Management Services, and one for Legal Services.

SECTION 11. Office of the Deputy Minister for Natural Resources. Office to be headed by Deputy Minister shall have the following powers and functions:

(a) Assist and advise the Minister on the promulgation of all office order, rules and regulations related to natural resources;
(b) Establish policies and standards for the effective, efficient and economical operations of the Ministry in accordance with the programs of government related to natural resources;
(c) Promulgate rules and regulations necessary to carry out ministry objectives, policies, plans, programs and projects related to natural resources;
(d) Exercise supervision and control over all functions and activities of bureaus and offices in the Ministry with regards to natural resources concern;

(e) Delegate authority for the performance of any administrative and substantive function to any Assistant Minister or other officials of rank at the Ministry proper concerned with natural resources matter;

SECTION 11A. Office of the Deputy Minister for Environment and Energy. Office to be headed by Deputy Minister shall have the following powers and functions:

(a) Assist and advise the Minister on the promulgation of all office order, rules and regulations related to the energy and environment;
(b) Establish policies and standards for the effective, efficient and economical operations of the Ministry in accordance with the programs of government related to energy and environment;
(c) Promulgate rules and regulations necessary to carry out ministry objectives, policies, plans, programs and projects related to energy and environment;
(d) Exercise supervision and control over all functions and activities of bureaus and offices in the Ministry with regard to energy and environment;
(e) Delegate authority for the performance of any administrative and substantive function to any Assistant Minister or other officials of rank at the Ministry proper concerned with energy and environment.

SECTION 11B. Office of the Deputy Minister for Legal and Support Services. Office to be headed by Deputy Minister shall have the following powers and functions:

(a) Assist and advise the Minister on the promulgation of all office order, rules and regulations related to the financial management, administrative services, human resources development services and legal services;
(b) Establish policies and standards for the effective, efficient and economical operations of the Ministry in accordance with the programs of government related to financial management, administrative services, human resources development services and legal services;
(c) Promulgate rules and regulations necessary to carry out ministry objectives, policies, plans, programs and projects related to financial management, administrative services, human resources development services and legal services;
(d) Exercise supervision and control over all functions and activities of bureaus and offices in the Ministry with regard to financial management, administrative services, human resources development services and legal services;
(e) Delegate authority for the performance of any administrative and substantive function to any Assistant Minister or other officials of rank at the Ministry proper concerned with financial management, administrative services, human resources development services and legal services;
(f) Develop and recommend policies and programs on personnel development, management, selection, placement and promotion standards including welfare services; conduct career and personnel development programs for the Department; develop and maintain a system for maintenance of the Ministry including its communication, transportation and printing services;
(g) Develop and maintain adequate record and report filing systems and books of account; certify for the Ministry availability of funds, including obligations of the same; prepare and

process payrolls and vouchers for payments of salaries and wages of officers and employees of the Ministry;

(h) Issue allotments advice in support of the budget requirement for the conduct of operations under each program and project;

(i) Develop and recommend efficient and effective methods and procedures on budget disbursement, and cost and financial accounting and management.

Administrative and Finance Divisions of all bureaus, shall continue to function as staff support to their respective bureaus, as coordinated by the Ministry's Support Services Office.

SECTION 11C. Office of the Deputy Minister for Field Operations. The Field Operations Office shall be headed by a Deputy Minister, assisted by three (3) Assistant Ministers, one for Luzon, one for Visayas and one for Mindanao, and shall have the following functions:

(a) Oversee the implementation and operations of the Ministry's policies, plans and programs in the regional and field offices.

(b) Provide the Ministry with the latest information, data and/or statistics on the latest programs, projects and activities being implemented in the field and transmit such information to the Office of Public Affairs, whenever applicable, to keep the public informed on energy and natural resources developments; monitor the execution/implementation of regional projects and activities of the licenses, permittees, and other lessees involved in the utilization of energy and natural resources.

SECTION 12. Office of the Deputy Minister for Policy and Planning. Office to be headed by Deputy Minister shall have the following powers and functions:

(a) Shall serve as the central coordinating unit for policy, planning and project development and management;

(b) Shall develop a Department-wide framework for policy formulation and program planning;

(c) Shall conduct resource policy analysis;

(d) Shall institute an effective system of monitoring and evaluation of Ministry programs and projects;

(e) Shall coordinate official development assistance and implementation of foreign-assisted projects;

(f) Shall establish contacts with foreign funding institutions;

(g) Shall monitor the activities of regional/international institutions/instrumentalities and trade movements affecting energy and natural resources sectors;

(h) Shall coordinate and integrate proposed projects prepared by the sectoral bureaus and attached agencies for local and foreign fundings;

(i) Shall coordinate information systems of the different natural resources agencies/services of the Ministry;

(j) Shall integrate all applied research functions on the development, production, harvesting, processing and use of environment, energy and natural resources of the different bureaus. It shall have the following institutes: forestry, mines, and land management. The Forest Research Institute (FORI) is hereby transferred into the Natural Resource Research Office. It shall be responsible for assembling and storing natural resources research outputs and promoting the application of utilization of these results by the Department's clienteles.

SECTION 13. Legal Services Office. The Legal Services Office shall be headed by an Assistant Minister. It shall advise and assist the Minister with respect to legal matters; prepare recommendations or orders involving the disposition, utilization and development of public lands, forest, minerals and other natural resources; review the issuances of licenses, permits and deeds of conveyance sales and other transfer of rights involving development and utilization of natural resources; and appear and act as counsel of the Ministry.

The Legal Divisions of all bureaus, shall continue to function as staff support to their respective bureaus, as coordinated by the Ministry's Legal Services Office.

SECTION 14. Public Affairs Office. The Public Affairs Office to be headed by a Director, shall serve as the public information arm of the Ministry; be responsible for disseminating information on energy and natural resources development policies, plans, programs and projects; and respond to public queries related to the development and conservation of energy and natural resources.

The Public Affairs Offices of all bureaus are hereby abolished and their functions are transferred to the Public Affairs Office in accordance with Section 24 (b) hereof.

SECTION 15. Special Concerns Office. The Special Concerns Office to be headed by a Director, shall be responsible for handling priority areas/subjects identified by the Minister which necessitate special and immediate attention.

SECTION 16. Forest Management Bureau. The Bureau of Forest Development (BFD) and the Wood Industry Development Authority (WIDA), are hereby abolished and in their stead the Forest Management Bureau is hereby created. The Forest Management Bureau, to be headed by a Director and assisted by an Assistant Director shall advise the Minister on matters pertaining to forest development and conservation. Its primary functions are:

(a) Recommend policies and/or programs for the effective protection, development, occupancy, management and conservation of forest lands and watersheds, including grazing and mangrove areas, reforestation and rehabilitation of critically denuded/degraded forest reservations, improvement of water resource use and development, development of national parks, preservation of wilderness areas, game refuges and wildlife sanctuaries, ancestral lands, wilderness areas and other natural preserves, development of forest plantations including rattan, bamboo, and other valuable non-timber forest resources, rationalization of the wood-based industries, regulation of the utilization and exploitation of forest resources including wildlife, to ensure continued supply of forest goods and services.
(b) Advise the regional offices in the implementation of the above policies and/or programs.
(c) Develop plans, programs, operating standards and administrative measures to promote the Bureau's objectives and functions.
(d) Assist in the monitoring and evaluation of forestry and watershed development projects to ensure efficiency and effectiveness.
(e) Perform other functions as may be assigned by the Minister.

SECTION 17. Land Management Bureau. There is hereby created the Lands Management Bureau which shall absorb functions of the Bureau of Lands, which is hereby abolished in accordance with Section 24 (b) hereof, and the relevant functions of the Human Settlements Regulatory Commission, excluding those related to highly urbanized areas. The Lands Management Bureau, to be headed by a Director and assisted by an Assistant Director, shall advise the Minister on matters pertaining to rational land management and disposition and shall have the following functions:

(a) Recommend policies and programs for the efficient and effective administration, surveys, management and disposition of alienable and disposable lands of the public domain and other lands outside the responsibilities of other government agencies;
(b) Advise the Regional Offices on the efficient and effective implementation of policies, programs and projects for more effective public lands management;
(c) Assist in the monitoring and evaluation of land surveys, management and disposition of lands to ensure efficiency and effectiveness thereof;
(d) Develop operating standards and procedures to promote the Bureau's objectives and functions;
(e) Perform other functions as may be assigned by the Minister.

SECTION 18. Mines and Geo-Sciences Bureau. There is hereby created the Mines and Geo-Sciences Bureau which shall absorb the functions of the Bureau of Mines and Geo-Sciences, Gold Mining Industry Development Board and the Mineral Reservations Board, all of which are hereby abolished in accordance with Section 24 (b) hereof. The Mines and Geo-Sciences Bureau, to be headed by a Director and assisted by an Assistant Director, shall advise the Minister on matters pertaining to geology and mineral resources exploration, development and conservation and shall have the following functions:

(a) Recommend policies, regulations and/or programs related to the exploration, development, exploitation and conservation of mineral resources, metallic and non-metallic, including the development of the mining industry;
(b) Advise the Minister on the granting of mining rights and contracts over areas containing metallic and non-metallic mineral resources;
(c) Advise the Regional Offices on the effective implementation of mineral development and conservation programs as well as geological surveys;
(d) Assist in the monitoring and evaluation of the Bureau's programs and projects to ensure efficiency and effectiveness thereof;
(e) Develop operating standards and procedures to enhance the Bureau's efficiency and effectiveness;
(f) Perform other functions as may be assigned by the Minister.

SECTION 18.A Environmental Protection Bureau. The National Environmental Protection Council (NEPC), National Pollution Control Commission (NPCC) and the Environmental Center of the Philippines (ECP) are hereby integrated and merged into a single bureau in accordance with Section 24 (c) hereof. The Bureau shall be responsible for the formulation, enforcement and monitoring of an integrated program of natural resources conservation and environmental protection, as well as, formulation of policies and guidelines for the establishment of environmental quality standards and impact assessments, and the conservation of natural resources.

SECTION 18.B Energy Utilization Bureau. The Energy Utilization Bureau is hereby transferred. The Energy Utilization Bureau, to be headed by a Director and assisted by an Assistant Director shall advice the Secretary on matters pertaining to energy utilization. Its primary functions are:

(a) Recommend policies and/or programs for effective energy utilization;
(b) Advise the regional offices in the implementation of the above policies and/or programs;

(c) Develop plans, programs, operating standards and administrative measures to promote the bureau's objectives and functions;
(d) Assist in the monitoring and evaluation of energy resources utilization to ensure efficiency and effectiveness;
(e) Perform other functions as may be assigned by the Secretary;

SECTION 18.C Energy Development Bureau. The Energy Development Bureau is hereby transferred. The Energy Development Bureau, to be headed by a Director and assisted by an Assistant Director shall advise the Secretary on matters pertaining to energy development. Its primary functions are:

(a) Recommend policies and/or programs for effective energy development;
(b) Advise the regional offices in the implementation of the above policies and/or programs;
(c) Develop plans, programs, operating standards and administrative measures to promote the bureau's objectives and functions;
(d) Assist in the monitoring and evaluation of energy resources utilization to ensure efficiency and effectiveness;
(e) Perform other functions as may be assigned by the Secretary;

SECTION 19. Attached and Administratively-Supervised Agencies of the Ministry. The following government agencies/corporations are hereby attached to the Department.

(a) National Mapping and Resource Information Authority. The Natural Resources Management Center (NRMC), National Cartography Authority (NCA), the Bureau of Coast and Geodetic Survey (BCGS), and the Land Classification. Teams based at the then Bureau of Forest Development, are hereby integrated and merged into a single agency to be called National Mapping and Resource Information Authority in accordance with Section 24 (e) hereof, which shall provide the Ministry and the government with map-making services. The authority shall act as the central mapping agency which will serve the needs of the line agencies of the Ministry and other government offices with regard to information and researches, and shall expand its capability in the production and maintenance of maps, charts and similar photogrammetry and cartography materials.

The Authority shall be responsible for conducting research on remote sensing technologies such as satellite imagery analysis, airborne multi-spectral scanning systems, and side-looking airborned radar; provide remote sensing services and vital data on the environment, water resources, agriculture, and other information needed by other government agencies and the private sector; integrate all techniques of producing maps from the ground surveys to various combinations or remote sensing techniques in a cost-effective and acceptable manner; and the integration of geographic and related information to facilitate access to and analysis of data and its transformation into useful information for resource policy formulation, planning and management. It shall be the central depository and distribution facility for natural resources data in the form of maps, statistics, text, charts, etc. store on paper, film or computer compatible media and shall operate information services and networks to facilitate transfer, sharing, access and dissemination of natural resource information in all regions and provinces of the country.

(b) Manila Seedling Bank Foundation, Inc. It shall continue to serve the government and private sectors involved in all kinds of tree planting activities by providing them with healthy tree seedlings and planting materials by operating seedling nurseries and seed orchards. It shall also accept tree planting contracts from both government and private sectors in the establishment of agro-forest farms and tree plantations, and pilot-test innovative packages of nursery and plantation development technologies that can be adopted locally and internationally.

(c) Natural Resources Development Corporation. The Natural Resources Development Corporation (NRDC), the National Development Corporation Plantation Inc. (NDCPI), National Coal Authority are integrated and hereby merged into the Natural Resources Development Corporation in accordance with Section 24 (e) hereof and shall be under the direct supervision of the Minister. It shall be charged primarily with promoting natural resource development and conservation through:

1. Direct involvement in pioneering but potentially viable production, use, and marketing ventures or projects using new/innovative technologies, systems, and strategies such as but not limited to stumpage sales system, industrial forest plantation or logging operations, rattan tissue culture; provided, however, that no such activities which compete with the private sector shall be undertaken;
2. Regulation and supervision of the processing of forest products, grading and inspection of lumber and other processed products, and monitoring of the movement of timber and other forest products.

(d) The National Electrification Administration. It shall continue to operate as a principal implementing arm of the Ministry in aspects and components of energy policies, programs, and plans which can not be carried out by the private sector.

SECTION 20. Field Offices of the Ministry. The field offices of the Ministry are the Environment, Energy and Natural Resources Regional Offices in the thirteen (13) administrative regions of the country, the Environment Energy and Natural Resources Provincial Office in every province and the Community Office in every municipality whenever feasible. The regional offices of the Bureau of Forest Development, Bureau of Mines and Geo-Sciences and Bureau of Lands in each of the thirteen (13) administrative regions are hereby integrated and consolidated into the Ministry-wide Regional Environment, Energy and Natural Resources Office of the Ministry, in accordance with Section 24(e) hereof and shall be directly under the supervision and control of the Deputy Minister for Field Operations. A Regional Office shall be headed by a Regional Director and shall be assisted by four (4) Assistant Regional Directors for Forestry, Lands Management, Mines and Aquatic Resources, respectively, where applicable, and who shall be Career Executive Service Officers.

SECTION 21. Functions of the Energy, Environment and Natural Resources Regional Office. The Environment, Energy and Natural Resources Regional Office shall have, within its administrative region, the following functions:

(a) Implement laws, policies, plans, programs, projects, rules and regulations of the Ministry;
(b) Provide efficient and effective delivery of services to the people;
(c) Coordinate with regional offices of other ministries, offices, agencies in the region;
(d) Coordinate with local government units;

(e) Recommend and, upon approval, implement programs and projects on forestry, aquatic, minerals, and land management and disposition;
(f) Conduct comprehensive inventory of natural resources in the region and formulate regional short- and long-term development plans for the conservation, utilization and replacement of natural resources;
(g) Evolve respective regional budget in conformity with the priorities established by the Regional Development Councils;
(h) Supervise the processing of natural resources products, grade and inspect minerals, lumber and other wood processed products, and monitor the movement of these products;
(i) Perform other functions as may be provided by law.

Major natural resources related programs and projects undertaken by other agencies or in joint undertaking with the then Bureau of Forest Development are hereby absorbed by the Ministry-wide Environment, Energy and Natural Resources Regional offices, in accordance with Section 24 (b) or (c), as the case may be, such as: Calauit Game Preserve and Wildlife Sanctuary, Presidential Committee on the Conservation of Tamaraw, Ninoy Aquino Parks and Wildlife Center (formerly Parks and Wildlife Nature Center), shares in Kabuhayan Program and Agro Forestry State Projects of the KKK Processing Authority, all national parks, wildlife sanctuaries and game preserves previously managed and administered by the Ministry of Human Settlements including National Parks Reservation situated in the provinces of Bulacan, Rizal, Laguna and Quezon formerly declared as Bagong Lipunan Sites of said Ministry, Magat Forest Reservation and Mt. Arayat National Park, formerly with the Ministry of Tourism.

The natural resources provincial and community offices shall absorb, respectively, the functions of the district offices of the bureaus, which are hereby abolished in accordance with Section 24 (b) hereof. The provincial and community natural resource office shall be headed by a provincial natural resource officer and community natural resource officer, respectively.

SECTION 22. Transfers. The following government corporate offices are hereby transferred from the abolished Ministry of Energy and be placed under the direct supervision and control of the Office of the President.

(a) The Philippine National Oil Company;
(b) The National Power Corporation;

SECTION 23. Special Provisions. All executive issuances or fiats (Presidential Decrees, Executive Orders, Letters of Instructions, Proclamations), and other issuances, contracts, concessions, permits or other forms of privilege for the exploration, exploitation, development or utilization of natural resources issued to a certain person and/or entity beyond the constitutional limit during the last ten (10) years are hereby revoked and such lands are hereby reverted to the public domain. Such issuances shall, henceforth be subjected to a review by the Minister to determine the most appropriate and beneficial land uses, and issue the necessary orders or directives pertaining thereto.

SECTION 24. Transitory Provisions. In accomplishing the acts of reorganization herein prescribed, the following transitory provisions shall be complied with, unless otherwise provided elsewhere in this Executive Order:

(a) The transfer of a government unit shall include the functions, appropriation, funds, records, equipment, facilities, choses in action, rights, other assets, and liabilities, if any,

of the transferred unit as well as the personnel thereof, as may be necessary, who shall, in a hold-over capacity, continue to perform respective duties and responsibilities and receive the corresponding salaries and benefits unless in the meantime are separated from government service pursuant to Executive Order No. 17 (1986) or Article III of the Freedom Constitution. Those personnel from the transferred unit whose positions are not included in the Ministry's new position structure and staffing pattern approved and prescribed by the Minister or who are not reappointed shall be deemed separated from the service and shall be entitled to the benefits provided in the second paragraph of Section 25 hereof.

(b) The transfer of functions which results in the abolition of the government unit that exercised them shall include the appropriations, funds, records, equipment, facilities, choses in action, rights, other assets and personnel as may be necessary to the proper discharge of the transferred functions. The abolished unit's remaining appropriations and funds if any, shall revert to the General Fund and its remaining assets, if any, shall be allocated to such appropriate units as the Minister shall determine or shall otherwise be disposed in accordance with the Government Auditing Code and other pertinent laws, rules and regulations. Its liabilities, if any shall likewise be treated in accordance with the Government Auditing Code and other pertinent laws, rules and regulations. Its personnel shall, in a hold-over capacity, continue to perform their duties and responsibilities and receive the corresponding salaries and benefits unless in the meantime they are separated from the service pursuant to Executive Order No. 17 (1986) or Article III of the Freedom Constitution. Its personnel whose positions are not included in the Ministry's structure and staffing pattern approved and prescribed by the Minister under Section 25 hereof or who is not reappointed, shall be deemed separated from the service and shall be entitled to the benefits provided in the second paragraph of the same Section 25.

(c) Any transfer of functions which does not result in the abolition of the government unit that has exercised them shall include the appropriations, funds, records, equipment, facilities, choses in action, rights, and assets and personnel as may be necessary to the proper discharge of the transferred functions. The liabilities, if any, that may have been incurred in connection with the discharge of the transferred functions, shall be treated in accordance with the Government Auditing Code and other pertinent laws, rules and regulations. Such personnel shall, in a hold-over capacity, continue top perform their duties and responsibilities and receive the corresponding salaries and benefits unless in the meantime they are separated from the service pursuant to Executive Order No. 17 (1986) or Article III of the Freedom Constitution. Any personnel, whose position is not included in the Ministry's new position structure and staffing pattern approved and prescribed by the Minister under Section 25 hereof or who is not reappointed, shall be deemed separated from the service and shall be entitled to the benefits provided in the second paragraph of the same Section 25.

(d) In case of the abolition of the government unit which does not result in the transfer of its functions to another unit, the appropriations and funds of the abolished entity shall revert to the General Fund, while the records, equipment, facilities, choses in action, rights, and other assets thereof shall be allocated to such appropriate entities as the Minister shall determine or shall otherwise be disposed in accordance with the Government Auditing Code and other pertinent laws, rules and regulations. The liabilities of the abolished units shall be treated in accordance with the Government Auditing Code and other pertinent laws, rules and regulations, while the personnel thereof, whose position, is not included in the Ministry's new position structure and staffing pattern approved and prescribed by the Minister under

Section 25 hereof or who has not been reappointed, shall be deemed separated from the service and shall be entitled to the benefits provided in the second paragraph of the same Section 25.

(e) In case of merger or consolidation of government units, the new or surviving unit shall exercise the functions (subject to the reorganization herein prescribed and the laws, rules and regulations pertinent to the exercise of such functions), and shall acquire the appropriations, funds, records, equipment, facilities, choses in action, rights, other assets, liabilities, if any, and personnel, as may be necessary, of the units that compose the merged unit shall, in a hold-over capacity continue to perform their respective duties and responsibilities and receive the corresponding salaries and benefits unless in the meantime they are separated from the service pursuant to Executive Order No. 17 (1986) or Article III of the Freedom Constitution. Any such personnel, whose position is not included in the Ministry's new position structure and staffing pattern approved and prescribed by the Minister under Section 25 hereof or who are not reappointed, shall be deemed separated from the service and shall be entitled to the benefits provided in the second paragraph of the same Section 25.

(f) In case of termination of a function which does not result in the abolition of the government unit which perform such function, the appropriations and funds intended to finance the discharge of such function shall revert to the General Fund while the records, equipment, facilities, choses in action, rights and other assets used in connection with the discharge of such function shall be allocated to the appropriate units as the Ministry shall determine or shall otherwise be disposed in accordance with the Government Auditing Code and other pertinent laws, rules and regulations. The liabilities, if any, that may have been incurred in connection with the discharge of such function shall likewise be treated in accordance with the Government Auditing Code and other pertinent laws, rules and regulations. The personnel who have performed such function, whose positions are not included in the Ministry's new position structure and staffing pattern approved and prescribed by the Minister under Section 25 hereof or who have not been reappointed, shall be deemed separated from the service and shall be entitled to the benefits provided in the second paragraph of the same Section 25 hereof.

SECTION 25. New Structure and Pattern. Upon approval of this Executive Order, the officers and employees of the Ministry shall, in a hold-over capacity, continue to perform their respective duties and responsibilities and receive the corresponding salaries and benefits unless in the meantime they are separated from government service pursuant to Executive Order No. 17 (1986) or Article III of the Freedom Constitution.

The new position structure and staffing pattern of the Ministry shall be approved and prescribed by the Minister within one hundred and twenty (120) days from the publication of this Executive Order and the authorized positions created thereunder shall be filled with regular appointments by him or by the President as the case may be. Those incumbents whose positions are not included therein or who are not reappointed shall be deemed separated from the service. Those separated from the service shall receive the retirement benefits to which they may be entitled under existing laws, rules and regulations. Otherwise, they shall be paid the equivalent of one (1) month basic salary for every year of service in the government, or a fraction thereof, computed on the basis of the highest salary received, but in no case shall payment exceed the equivalent of twelve (12) months salary.

No court or administrative body shall issue any writ or preliminary injunction or restraining order to enjoin the separation/replacement of any officer or employee effected under this Executive Order.

SECTION 26. Periodic Performance Evaluation. The Ministry of is hereby required to formulate and enforce a system of measuring and evaluating periodically and objectively the performance of the Ministry and submit the same annually to the President.

SECTION 27. Notice or consent Requirement. If any reorganizational change herein authorized is of such substance of materiality as to prejudice third persons with rights recognized by law or contract such that notice to or consent of creditors is required to be made or obtained pursuant to any agreement entered into with any of such creditors, such notice or consent requirement shall be complied with prior to the implementation of such reorganizational change.

SECTION 28. Change of Nomenclatures. In the event of the adoption of a new Constitution which provides for a Presidential form of government, the Ministry shall be called Department of Natural Resources and the titles of Minister, Deputy Minister, and Assistant Minister shall be changed to Secretary Undersecretary and Assistant Secretary, respectively.

SECTION 29.Prohibition Against Structural Changes. No change in the reorganization herein prescribed shall be valid except upon prior approval of the President for the purpose of promoting efficiency and effectiveness in the delivery of public services.

SECTION 30. Funding. Funds needed to carry out the provisions of this Executive Order shall be taken from funds available in the Ministry.

SECTION 31. Implementing Authority of the Minister. The Minister shall issue such orders, rules and regulations and other issuances as may be necessary to ensure the effective implementation of the provisions of this Executive Order.

SECTION 32. Separability. Any portion or provision of this Executive Order that may be declared unconstitutional shall not have the effect of nullifying other portions or provisions hereof as long as such remaining portions or provisions can still subsist and be given effect in their entirety.

SECTION 33. Repealing Clause. All laws, ordinances, rules, regulations and other issuances or parts thereof, which are inconsistent with this Executive Order, are hereby repealed or modified accordingly.

SECTION 34. Effectivity. This Executive order shall take effect immediately upon its approval.

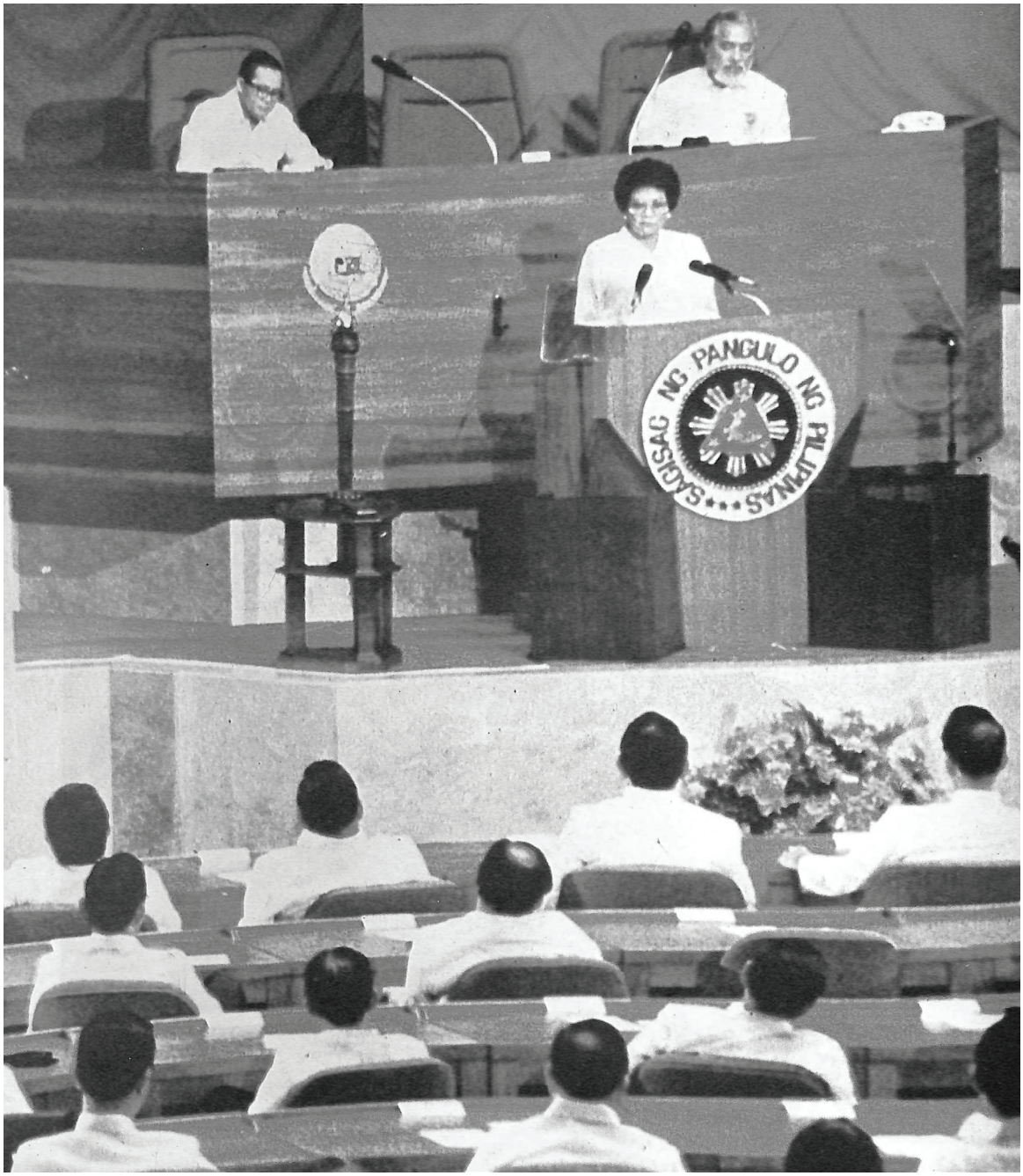
APPROVED in the City of Manila, Philippines, this 30th day of January, in the Year of Our Lord, Nineteen Hundred and Eighty-Seven.

(Sgd.) **CORAZON C. AQUINO**

By the President:
(Sgd.) **JOKER P. ARROYO**
Executive Secretary

Source: **Presidential Management Staff**

Office of the President of the Philippines. (1987). *[Executive Order Nos.: 1 - 170]*. Manila: Presidential Management Staff.



President Corazon C. Aquino delivers her first State of the Nation Address,
at Batasang Pambansa, July 27, 1987.

PRESIDENTIAL COMMUNICATIONS
DEVELOPMENT AND STRATEGIC PLANNING OFFICE